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Supreme Court of the United States

AVOCENT HUNTSVILLE CORP. and
AVOCENT REDMOND CORP.,

Petitioners,

v.

ATEN INTERNATIONAL, CO., LTD.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

JAMES D. BERQUIST
Counsel of Record
J. SCOTT DAVIDSON
DONALD L. JACKSON
DAVIDSON BERQUIST JACKSON
& GOWDEY, LLP
4300 Wilson Boulevard
Suite 700
Arlington, Virginia 22203
(703) 894-6400

Attorneys for Petitioners

222130

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

QUESTIONS PRESENTED

The Federal Circuit affirmed the district court's conclusion that it lacked personal jurisdiction over a foreign patent owner in a Declaratory Judgment action brought by an accused infringer in his home State. In *International Shoe* and its progeny, the Court has mandated a flexible, case-by-case approach in determining whether a defendant has the required minimum contacts, and whether exercise of jurisdiction over the defendant would offend traditional notions of fair play and substantial justice.

In a departure from its previous case law, the Federal Circuit has now adopted a bright-line jurisdictional test that excludes all categories of contacts with the forum except for (1) evidence that the patent owner has granted an exclusive license under the patent to a third-party located in the forum, or (2) evidence that the patent owner has initiated patent infringement litigation against a third party in the forum. The Federal Circuit held that infringement threat letters sent to an accused infringer in its home State, and infringement notification letters sent to the accused infringer's customers, are automatically excluded from the personal jurisdictional analysis. In addition, the Federal Circuit found no jurisdiction even though the patent owner knew that the customer notification letter would have a damaging effect in the forum State.

The questions presented are:

1. Whether the Federal Circuit erred by mandating a mechanical test for determining personal jurisdiction in a patent Declaratory Judgment action.

2. Whether the Federal Circuit erred by creating a *per se* prohibition against using infringement threat letters and customer notification letters to establish the patent owner's minimum contacts with the forum in a Declaratory Judgment action.

3. Whether the Federal Circuit erred by holding that a patent owner's creation of a product distribution channel through which its products are sold in a forum is not relevant to the assertion of personal jurisdiction over the foreign patent owner in a Declaratory Judgment action.

LIST OF PARTIES TO THE PROCEEDING

The caption contains a list of all parties to the proceeding in the U.S. Court of Appeals for the Federal Circuit whose decision is sought to be reviewed here.

CORPORATE DISCLOSURE STATEMENT

The parent company of both Avocent Huntsville Corp. and Avocent Redmond Corp. is Avocent Corporation, a publicly traded company that owns 100% of the stock of Avocent Huntsville Corp. and Avocent Redmond Corp.

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Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Federal Circuit entered in this case on December 16, 2008.

OPINIONS AND ORDERS BELOW

The district court's order dismissing this case for lack of personal jurisdiction is unofficially reported at 2007 U.S. Dist. LEXIS 98073 and is reproduced in the Appendix at 61a-76a. The opinion of the U.S. Court of Appeals for the Federal Circuit affirming that dismissal is reported at 552 F.3d 1324 and is reproduced in the Appendix at 1a-60a.

JURISDICTIONAL STATEMENT

Petitioners seek review of a decision of the Federal Circuit entered on December 16, 2008. The Federal Circuit denied the petitioner's request for rehearing *en banc* on February 26, 2009. A copy of that Order is reproduced in the Appendix at 77a.

This Court has jurisdiction in this case under 28 U.S.C. § 1254(1).

QUOTATION OF CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED IN THE CASE

United States Constitution, Amend. V:

> No person shall be . . . deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation.

STATEMENT OF THE CASE

This case raises a question of broad and general importance in an expanding global economy: To what extent can a foreign patent owner establish a nationwide product distribution network and use infringement threat letters to improve its competitive position, but avoid being subject to personal jurisdiction in a forum in which its products are sold and where the effects of its infringement threat letters are felt? The answer to this question is critical to manufacturers who have been accused of infringement and who must resort to the Declaratory Judgment Act to clear their reputations.

I. Procedural Background

Petitioners, AVOCENT HUNTSVILLE CORP. ("Avocent Huntsville") and AVOCENT REDMOND CORP. ("Avocent Redmond") (collectively, "Avocent"), are manufacturers of peripheral devices for computers.[1] They manufacture

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1. Petitioners Avocent Huntsville and Avocent Redmond are wholly-owned subsidiaries of Avocent Corporation, a publicly-traded company.

and sell keyboard, video and mouse switches ("KVM switches") that enable workstations to communicate with, and switch between, remote computers.

This petition arises from an action filed by petitioners for a declaratory judgment that Avocent's products do not infringe any valid and enforceable claim of U.S. Patent Nos. 6,957,287 ("the '287 patent") and 7,035,112 ("the '112 patent") owned by respondent ATEN INTERNATIONAL, CO., LTD. ("Aten"). Both patents relate to specific types of KVM switches.

Avocent also asserted causes of action for unfair competition under the Lanham Act, 15 U.S.C. § 1125, and for intentional interference with business relations under Alabama law. Avocent's Lanham Act and intentional interference causes of action were based, at least in part, on Aten's allegations to Avocent and its customer that Avocent's products infringed Aten's patents. The U.S. District Court for the Northern District of Alabama had jurisdiction over the subject matter pursuant to 28 U.S.C. §§ 1331, 1332, 1338, 1367 and 28 U.S.C. §§ 2201, *et seq.*

Aten moved to dismiss the district court action for lack of personal jurisdiction under Federal Rule of Civil Procedure 12(b)(2). On August 30, 2007, without the benefit of jurisdictional discovery or a hearing, the district court granted Aten's motion to dismiss for lack of personal jurisdiction.

II. Facts Pertinent to Personal Jurisdiction

A. Aten Has Directed Its Enforcement Activities against Avocent in the Northern District of Alabama

Respondent Aten first wrote to Avocent about Aten's purported patent rights in 2004. On May 28, 2004, Aten counsel, Mr. George Tseng, wrote to Mr. John Cooper, Avocent Corporation's CEO and President, advising Mr. Cooper of published U.S. Patent Application No. 2004/0001323. The '323 application is assigned to Respondent Aten. The '323 application matured into the '112 patent – one of the two patents-in-suit in this case. Mr. Tseng's letter expressly referenced 35 U.S.C. § 154(d) which provides for reasonable royalty damages for "infringement" of claims of a provisional application that later issue in a patent.

Mr. Tseng's May 28 letter was addressed to Mr. Cooper as CEO and President of "Avocent." No specific Avocent entity (i.e., "Corporation," "Huntsville," or "Redmond") was identified. The letter was sent to the *Huntsville, Alabama* address shared by Avocent Huntsville and Avocent Corporation.

Two years later, on April 27, 2006, Victor Wang, another Aten lawyer, wrote one of Avocent's customers, Amazon.com, alleging that a number of products sold by Amazon.com infringed the '112 patent, including Avocent's SVM200 product. The SVM200 is sold by Avocent Huntsville. Mr. Wang wrote to Amazon.com for the express purpose of discouraging the purchase of Avocent Huntsville's SwitchView products. Amazon.com

forwarded Mr. Wang's letter to its supplier of the SwitchView product, Avocent Huntsville, in Huntsville, Alabama.

On March 15, 2007, Aten's representatives met with representatives of Avocent Redmond for the purpose of settling an unrelated patent infringement action Avocent Redmond brought against Aten and Aten's U.S. subsidiary, Aten Technology, Inc. At the meeting, Aten presented Avocent with copies of the '112 and '287 patents. Later that same day, Aten's litigation counsel wrote to Avocent Redmond's litigation counsel to again accuse Avocent's SwitchView products of infringing the '112 patent and the '287 patent.

B. Aten Has Established A Nation-Wide Distribution Network that Includes the Northern District of Alabama

Aten, the owner of the two patents-in-suit, is a Taiwanese manufacturer of KVM switch products. Aten sells some of its products directly to end customers (including those in Alabama) through a portion of its website called the "Clearance Center." In the Aten Clearance Center website, Alabama residents can, and have, purchased Aten products and had the products delivered to them in Alabama.

Aten also sells its products through its U.S. subsidiary, Aten Technology, Inc., which acts as the U.S. sales and marketing arm of Aten. Aten and Aten Technology operate in concert. For example, Aten Technology's website states that it is "published by ATEN International Co., Ltd.," the respondent here. Thus, respondent Aten controls the content of that website.

Aten and Aten Technology individually and collectively sell KVM switches in the United States under the Aten brand name as well as the IOGear brand name. IOGear advertises that it "distributes its products throughout North and South America."

Aten and Aten Technology distribute their products throughout the United States through several national distributors, specialty electronics dealers, and internet retailers. Aten's internet retailers include Amazon.com, Dell, Toshiba, MacMall, PCMall, Overstock.com, Ingram Micro, Inc. and Tech Data Corporation. Aten's national retailers include Best Buy, Staples, OfficeMax, and CompUSA. As noted above, Aten also sells through a dealer network, with one dealer, Acutech Document Solutions, Inc., physically located in Birmingham, Alabama.

The purchase of Aten KVM switch products in Alabama is not just a theoretical possibility. On July 19, 2007, Mr. Joseph Hallman, an Avocent employee, went to Aten's Clearance Center website to see if he could purchase Aten KVM switches. Finding those products on Aten's Clearance Center website, Mr. Hallman purchased, and received, an Aten product using his Huntsville, Alabama office address as the shipping address for the purchase.

On that same day, Mr. Hallman also personally visited a Best Buy retail store in Huntsville, Alabama to see if that store sold any Aten or IOGear products. The Huntsville Best Buy had IOGear KVM switch product numbers GCS612A and GCS632U available for purchase. Aten contends that both of these switch products are covered by the '112 patent at issue in this case.

A visit to the Best Buy website revealed that at least four IOGear products were available for pickup in its stores in the Northern District of Alabama (*i.e.*, the Birmingham and/or Hoover, Alabama stores). The CompUSA website identified 67 Aten products, with at least six Aten products being available for pickup at stores in the Huntsville, Alabama area alone.

Aten did not present any evidence contradicting these facts or otherwise disputing Avocent's allegation that Aten's products commercially flow into Alabama as alleged in Avocent's Complaint.

C. Aten's History of Asserting the '112 Patent Across the Country

On July 21, 2006, Aten sued Belkin Corporation and Belkin Logistics, Inc. in the U.S. District Court for the Eastern District of Texas asserting infringement of the '112 patent by the Belkin entities.

On November 6, 2006, Aten filed a complaint with the International Trade Commission ("ITC") under Section 337 of the Tariff Act of 1930 (*i.e.*, 19 U.S.C. § 1337) alleging that products imported by Belkin Corporation, Belkin Logistics, Emine, JustCom, RATOC Systems, Inc., and RATOC Systems International infringed the '112 patent. The ITC instituted an investigation into Aten's allegations on December 4, 2006.

One month later, on January 3, 2007, Aten sued Emine Technology Co., Ltd., JustCom Tech, Inc., RATOC Systems, Inc., and RATOC Systems International, Inc. in the U.S. District Court for the Northern District of California for infringement of the '112 patent.

REASONS FOR GRANTING THE PETITION

In a misinterpretation of the Court's long-established personal jurisdiction analyses, the Federal Circuit has created a mechanism by which foreign patent owners can avail themselves of the benefits of doing business in the expanding global marketplace and yet avoid defending against a patent Declaratory Judgment action filed in a forum with which the patent owner has substantial commercial contacts and in which the effects of its infringement threat letters are felt.

I. The Federal Circuit has departed from the Court's Precedent Regarding Personal Jurisdiction

In order to determine whether personal jurisdiction exists over a non-resident defendant, a court must determine whether jurisdiction lies under both the applicable state long-arm statute and the Due Process Clause of the Constitution. It is undisputed that Alabama's long-arm statute extends the reach of personal jurisdiction to the limits of the Constitution's Due Process Clause. (7a). Thus, the only issue facing the lower courts was whether subjecting Aten to personal jurisdiction in Alabama would satisfy constitutional Due Process.[2]

The Court long ago established that jurisdiction over a non-resident defendant is proper, and satisfies

2. The Fifth Amendment's Due Process Clause applies to patent declaratory judgment actions because they are based on a federal question. *See Deprenyl Animal Health, Inc. v. University of Toronto Innovations Foundation*, 297 F.3d 1343, 1350 (Fed. Cir. 2002).

the Constitution's Due Process requirement, when the defendant has "minimum contacts" with the forum state provided that the maintenance of the action does not offend "traditional notions of fair play and substantial justice." *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945).

The Court has uniformly rejected the notion that personal jurisdiction was a black-and-white question that might turn on "mechanical" tests. *Id.* at 319. The type and nature of the "minimum contacts" sufficient to establish personal jurisdiction over non-resident defendants have been as varied as the underlying legal claims themselves. *International Shoe* and its progeny mandate a flexible approach to establishing personal jurisdiction that allows a court to consider all relevant contacts with the forum to meet the "minimum contacts" prong of the test. Similarly, all relevant facts may be considered under the "fair play and substantial justice" prong of *International Shoe*.

Of the numerous decisions in which the Court has applied the *International Shoe* framework, two lines of case precedent are relevant to the facts of this case. In the first, "minimum contacts" is premised upon the defendant's introduction of products into the stream of commerce. Under the so-called "stream of commerce" theory, "the forum State does not exceed its powers under the Due Process Clause if it asserts personal jurisdiction over a corporation that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State." *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297-98 (1980).

Because it is necessary to consider the extent to which the defendant "purposefully avails itself of the privilege of conducting activities within the forum state," *Hanson v. Denckla*, 357 U.S. 235, 253 (1958), the Court has questioned whether "the placement of products into the stream of commerce, without more," will suffice to establish the defendant's requisite "minimum contacts" with the forum. *Asahi Metal Industry Co. v. Superior Court*, 480 U.S. 102, 112 (1987) (O'Connor, J.). In *World-Wide Volkswagen*, the Court distinguished between "isolated occurrences" of a product finding its way into a forum and sales that "arise[] from the efforts of the manufacturer [] to serve, directly, or indirectly, the market for its product" in the forum State. *World-Wide Volkswagen*, 444 U.S. at 297. The "purposeful availment" requirement is satisfied when "the defendant's conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there." *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 474 (1985) (*citing World-Wide Volkswagen*).

The second line of relevant Supreme Court precedent involves the so-called "effects test" applied in *Calder v. Jones*, 465 U.S. 783 (1984). Under the "effects test," a defendant is subject to personal jurisdiction in a forum when "intentional conduct" occurring outside the forum is "calculated to cause injury" in the forum. *Id.* at 790-91. When the effect of the intentional act is aimed at a resident of the forum State, the actor must "reasonably anticipate being haled into court there." *Id.* at 789-90 (*citing World-Wide Volkswagen*, 444 U.S. at 297); *see also Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770 (1984); *Sudduth v. Howard*, 646 So. 2d 664 (Ala. 1994) (applying *Calder* effects test in Alabama).

As the undisputed facts demonstrate, Respondent Aten has *substantial* connection with Alabama. Aten runs an interactive website that provides information about its products through which Aten can sell, and has sold, its products directly into Alabama. Aten has also established an extensive distribution channel through which its products are sold nationwide, including Alabama. Petitioners demonstrated that Aten's KVM switch products are on the shelves of several electronics stores throughout Alabama and established that Aten is represented in Alabama by a specialty electronics dealer located in Birmingham.

Respondent Aten also sent patent threat letters relating to at least one of the patents-in-suit knowing the effect of those letters would be felt in Alabama. Aten's first letter was sent into Alabama to a resident of Alabama. The second letter was sent to Amazon.com to encourage Amazon.com to stop buying the Alabama resident's products and to buy Aten's products instead.

A. The New Federal Circuit Jurisdiction Test Renders the Court's "Stream Of Commerce" Analysis Inapplicable to Patent Declaratory Judgment Actions

The Federal Circuit used this case to establish a more rigorous personal jurisdiction standard in response to the Court's recent decision in *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) which lowered the bar for establishing subject matter jurisdiction in a patent declaratory judgment action. (16a, n.2) ("the extent to which declaratory judgment jurisdiction may be more easily found makes the personal jurisdiction inquiry that much more

important."). The Federal Circuit's new standard departs from the Court's established precedent by rendering each and every one of Aten's undisputed contacts with Alabama irrelevant through imposition of a "mechanical" test prohibited by the Court in *International Shoe* and its progeny.

Under the Federal Circuit's new test, a foreign patent owner is not subject to personal jurisdiction in a patent declaratory judgment action *unless* (1) it has previously granted an exclusive license to another within that State, or (2) it has voluntarily subjected itself to jurisdiction by having previously filed an enforcement action within that State. (20a, 25a).[3] The Federal Circuit reached this result by finding that the Court's well-established "stream of commerce" jurisdictional analysis could not be used to establish specific jurisdiction over a foreign patent owner in a patent Declaratory Judgment action. (22a).

As support for that conclusion, the Federal Circuit reasoned that patents do not provide an affirmative right to make a product. (22a). Thus, according to the Federal Circuit, the patent owner's commercial activities within the forum State do not "relate in any material way to the patent right that is at the center of any declaratory judgment claim." (24a). That analysis, however, is too narrow and departs from the Court's approach to evaluating a defendant's contacts with the forum.

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3. Although these contacts are at the heart of the Federal Circuit's new bright-line test, neither set of contacts has any nexus with a Declaratory Judgment plaintiff's allegation that *its products* do not infringe.

Over decades of effort, the Court has created a flexible, real-world test to address personal jurisdiction over non-resident defendants. The focus of the jurisdictional analysis has always been on the non-resident's decision to "purposefully avail" itself of the benefits of doing business within the forum, the non-resident's "minimum contacts" with the forum, and the foreseeability of the non-resident being "haled into court" within the forum State. The Federal Circuit's rigid, mechanical analysis ignores why the "stream of commerce" test was created and loses contact with the Court's basic concepts of "minimum" contacts, "foreseeability," and "purposeful availment."

Although the "stream of commerce" analysis often arises in the context of a product liability action, the Court has not limited its application to product liability cases. Indeed, the "stream of commerce" analysis has been applied in cases other than product liability cases. The Federal Circuit has analyzed personal jurisdiction using the "stream of commerce" analysis in patent infringement cases brought by the patent owner. *See Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1566 (Fed. Cir. 1994). The core jurisdictional questions remain the same whether the underlying action is for product liability or for a declaratory judgment of patent invalidity: Has the non-resident purposefully availed itself of the benefit of doing business in that forum? What is the extent of the non-resident's commercial contacts with the forum? In light of the commercial contacts established, was it reasonably foreseeable that the non-resident would be haled into court within the forum? The nature of a patent Declaratory Judgment action provides no basis to ignore

Respondent Aten's extensive contacts with Alabama in determining whether Aten has had the requisite minimum contacts with the State of Alabama.

Nor is it proper to divorce the value of a patent from a patent owner's commercial activities. The value of a patent derives from the right to exclude others from making, using, or selling the patented invention. *See* 35 U.S.C. §§ 154(a)(1), 271(a). Patent owners who manufacture products, such as the Respondent here, can use this limited monopoly to place restriction on the products offered by their competitors, and thus improve their own competitive position *vis-a-vis* that competitor.

The infringement threat letters Aten sent well illustrate how Aten used its patent to improve its competitive position. The competitive advantage exists everywhere the two companies compete. Thus, it is not correct to suggest that a patent owner's sales of its products within a forum and a patent Declaratory Judgment action lack linkage to one another. To the contrary, they demonstrate the patent owner's contacts with the forum. The market realities establish that they are plainly related, especially where, as here, the patent owner claims that its products are covered by its patent.

B. The Federal Circuit's Bright-Line Rule Precludes Application of the *Calder* "Effects Test" Analysis in a Patent Declaratory Judgment Action

The Federal Circuit's jurisdictional analysis departs from controlling precedent in at least one other material respect. Based on "policy considerations unique to the patent context," the Federal Circuit has used the present case to establish a *per se* rule that a patent owner's letter threatening suit for patent infringement cannot, by itself, create personal jurisdiction. (17a-18a) (citing the Federal Circuit's own precedent). In combination with the Federal Circuit's refusal to consider the patent owner's commercial contacts with the state, this *per se* rule becomes a shield against subjecting a foreign patent owner to personal jurisdiction in any forum, except in the very limited circumstances noted above.[4]

The infringement threat letter Aten sent Avocent directly ties Aten to both Alabama and Avocent's cause of action. Historically, the Federal Circuit has found patent notification letters, alone, insufficient to establish personal jurisdiction over a non-resident patent holder.

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4. The Federal Circuit also noted that a patent Declaratory Judgment action *may be* brought against a foreign patentee in the District Court for the District of Columbia under 35 U.S.C. § 293. (31a-32a). The present dispute, however, has no known connection with the District of Columbia and, as correctly noted in the Federal Circuit's dissent, that option may not resolve all of petitioners' claims. (52a-53a). Moreover, the fact that Respondent might be subject to jurisdiction in another forum does not defeat jurisdiction over Aten in Alabama.

While those letters themselves undeniably establish the patent owner's minimum contacts with the forum, without more, the Federal Circuit has found that the exercise of jurisdiction over a non-resident would not comport with the "fair play and substantial justice" prong of the *International Shoe* test. *See, e.g., Red Wing Shoe Co., Inc. v. Hockerson-Halberstadt*, 148 F.3d 1355 (Fed. Cir. 1998).

The Federal Circuit's analysis may have made sense when it was applied to small, non-manufacturing patent owners. That same analysis, however, makes no sense where, as here, the non-resident patent owner is a sophisticated, international conglomerate having substantial commercial contact with the forum.

Nor does it make sense to conflate the "minimum contacts" prong with the "fair play and substantial justice" prong of the *International Shoe* analysis. Whether the sale of Aten's products in Alabama would independently satisfy the "minimum contacts" prong of the analysis, those sales certainly provide enough contact with the forum to render the exercise of jurisdiction reasonable and fair. By converting the Court's flexible approach to personal jurisdiction into a rigid set of rules, the Federal Circuit rendered the infringement threat letter Aten sent to Avocent irrelevant even though that letter is one of the operative facts giving rise to the litigation.

The Federal Circuit used the present case also to extend the protection previously afforded patent notice letters sent to a competitor to include infringement threat letters sent to customers of that competitor.

(34a-35a). That extension provides blanket protection to patent owners, even those who know that the effect of the threat letter will be felt within the forum State. By doing so, the Federal Circuit has created a second *per se* rule—one that precludes application of the Court's well-established *Calder* "effects test."

Aten knew that the effect of the infringement threat letter it sent Amazon.com would be felt in Alabama and nothing in the Patent Act provides any basis for the Federal Circuit to refuse application of the Court's *Calder* precedent.

Whether evaluated under the test for specific jurisdiction or the test for general jurisdiction,[5] Aten's infringement threat letters, in combination with Aten's extensive commercial connections with Alabama, establish that Aten has the requisite "minimum contacts" with the State of Alabama. Aten's contacts with Alabama can in no sense be viewed as "random," "fortuitous," or "attenuated."

The establishment of Respondent Aten's "minimum contacts" with Alabama does not, of course, end the jurisdictional analysis. Petitioners also demonstrated that the maintenance of the action in Alabama will also

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5. The Federal Circuit incorrectly found that Petitioner Avocent had abandoned its general jurisdiction argument on appeal. (28a). But the panel majority reached that conclusion by misreading a statement from Avocent's Reply. Rather than abandoning a general jurisdiction analysis, Avocent's Reply merely criticized Respondent Aten for having relied upon 11th Circuit precedent, not Federal Circuit precedent, for the general jurisdiction standard.

satisfy the "traditional notions of fair play and substantial justice" prong of the *International Shoe* test. Even if the "stream of commerce" analysis does not provide an independent basis to establish Aten's minimum contacts with Alabama, the application of the "stream of commerce" theory confirms that the exercise of jurisdiction over Aten in Alabama comports with "fair play and substantial justice." Aten set up a distribution network through which its products are sold in Alabama, and Aten derives commercial benefit from the sale of its products in that state.

Requiring Respondent Aten to defend this action in Alabama would work no hardship on Aten. Respondent Aten is a sophisticated, international conglomerate having significant experience with the legal system in the United States. Although Aten is a foreign company, it has retained the legal counsel required to obtain numerous patents from the United States Patent and Trademark Office, including at least the two patents-in-suit. These two patents, and the rights they confer, are central to the dispute.

Aten can assert either of these patents against petitioner Avocent anywhere in the United States that Avocent is subject to personal jurisdiction, including Alabama. Alabama is home to Petitioners' operation, the location where the relevant documents are maintained, and the location where the effects of Aten's infringement threat letters were felt. Alabama has an obvious interest in providing a local forum to resolve disputes involving its residents, especially when the Alabama resident must resort to the Declaratory Judgment Act to clear its name against unwarranted allegations of patent infringement.

Moreover, Aten well understands the scope of its rights and has brought claims under these two patents against others in district courts in Texas and California and before the International Trade Commission in Washington, D.C. In light of Aten's substantial commercial contacts with Alabama, it would be neither unfair nor unjust to subject Aten to personal jurisdiction in Alabama.

II. There Is A Circuit Split

Not only is the Federal Circuit's current approach to personal jurisdiction contrary to the Court's *International Shoe* framework and the *Calder* "effects test" jurisdictional analysis, it is also directly at odds with how declaratory judgment personal jurisdiction questions are analyzed in other circuits. *See Dudnikov v. Chalk & Vermillion Fine Art, Inc.*, 514 F.3d 1063, 1082 (10th Cir. 2008); *Bancroft & Masters, Inc. v. Augusta National Inc.*, 223 F.3d 1082, 1088 (9th Cir. 2000); *Yahoo! Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme*, 433 F.3d 1199, 1209 (9th Cir. 2006) (*en banc*).

In all three cases, jurisdiction over an out-of-state defendant was proper where the declaratory judgment defendant had informed a third party of alleged property right violations by the declaratory judgment plaintiff. Although not patent cases, the rights at issue were clearly analogous. In *Dudnikov*, the Tenth Circuit found that the district court had jurisdiction over a non-resident copyright owner who had written to eBay to shut down sales of an allegedly infringing article. Similarly, in *Bancroft & Masters*, the Ninth Circuit found

that the district court had jurisdiction over a non-resident owner of a registered domain name who attempted to limit a California resident's use of that name. Under the Federal Circuit's *per se* rule, jurisdiction would not have been proper in any of these cases.

While public policy *may* justify the refusal to treat ordinary cease and desist letters as the basis to assert personal jurisdiction against the owner of the property right, that same public policy does not apply to letters sent to a customer of an alleged infringer. Here, Respondent Aten sent a letter to Amazon.com to encourage that company to buy its KVM switches and to stop buying the Avocent products. This letter was sent to disparage the Avocent Petitioners' products, not to offer a license or settle a dispute.

Because Aten understood that the effect of its letter to Amazon.com would be felt in Alabama, where Aten had addressed its previous letter, the Ninth and Tenth Circuits would find that Aten is subject to personal jurisdiction in Alabama under *Calder*. The Federal Circuit's refusal to apply the "effects test" to Aten's product disparagement letter thus creates a conflict between the circuits on this issue.

CONCLUSION

The grant of certiorari in this case will provide the Court with the opportunity affirm the applicability of the Court's flexible approach to personal jurisdiction and the application of the "stream of commerce" and "effects test" analyses in the context of a patent Declaratory Judgment action. Such a grant will also provide a good vehicle to resolve the conflict that exists between the circuits as to whether the "effects test" applies to letters that the property owner sends to third parties.

Respectfully submitted,

JAMES D. BERQUIST
Counsel of Record
J. SCOTT DAVIDSON
DONALD L. JACKSON
DAVIDSON BERQUIST JACKSON
& GOWDEY, LLP
4300 Wilson Boulevard
Suite 700
Arlington, Virginia 22203
(703) 894-6400

Attorneys for Petitioners

APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT DECIDED DECEMBER 16, 2008

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2007-1553

AVOCENT HUNTSVILLE CORP. and
AVOCENT REDMOND CORP.,

Plaintiffs-Appellants,

v.

ATEN INTERNATIONAL CO., LTD.,

Defendant-Appellee.

DECIDED: December 16, 2008

LINN, Circuit Judge.

This appeal concerns the personal jurisdiction of a U.S. district court over a Taiwanese company in a suit for declaratory judgment of non-infringement and invalidity of two U.S. patents owned by that Taiwanese company. Because the plaintiffs failed to allege that the Taiwanese company purposefully directed any activities beyond merely sending notice letters at residents of the forum and that the declaratory judgment action arose out of or related to those activities, we affirm the district court's dismissal of all claims for lack of personal jurisdiction.

Appendix A

I. BACKGROUND

Avocent Huntsville Corp. ("Avocent Huntsville") and Avocent Redmond Corp. ("Avocent Redmond") (collectively "Avocent") are subsidiaries of Avocent Corporation, a Delaware corporation located in Huntsville, Alabama. Avocent develops and markets computer hardware devices. Aten International Co., Ltd. ("Aten International") is a corporation formed under the laws of Taiwan, with its principal place of business in Taipei, Taiwan. One of Aten International's U.S. subsidiaries, Aten Technology, Inc. ("Aten Technology"), is located in Irvine, California. IOGEAR, which is located at the same address as Aten Technology, is also affiliated with Aten International.

Avocent and Aten International compete in the manufacture and sale of keyboard-video-mouse switches ("KVM switches"), which allow a computer user or users to share a single keyboard, video device, and mouse, or multiple sets of keyboards, video devices, and mice. It is undisputed that various Aten International products are available for sale within Alabama. Avocent has alleged that Aten International purposefully directed these products to Alabama both by injecting them into the stream of commerce and through direct sales activities. Specifically, Avocent has alleged the sale and delivery to Alabama of a product purchased through the "Clearance Center" webpage of the ATEN-USA.com website published by Aten International, the existence of products manufactured by Aten International and offered for sale at Best Buy and CompUSA retail stores

in Alabama, the availability of Aten International products through nationwide and Internet retailers, and the availability of these products through a government contractor located in Alabama.

Aten International is the assignee of U.S. Patent Nos. 6,957,287 ("the '287 patent") and 7,035,112 ("the '112 patent"), both of which relate to KVM switches. This appeal relates to Aten International's attempts to enforce these patents against Avocent.

Aten International's enforcement efforts are reflected in three letters. The first is a letter dated May 28, 2004, from counsel for Aten Technology to John Cooper, the CEO and President of Avocent Corporation, stating:

> Pursuant to Section 154(d) of the U.S. Patent Act, please be advised that the U.S. Patent Office has published a patent application owned by our client Aten Technology, Inc. A copy of the published patent application is attached. We suggest that you review the claims as we believe they are relevant to a product your company is making, using, selling, offering to sell and/or importing.

J.A. at 473.[1] A copy of the published patent application leading to the '112 patent was attached to this letter.

1. We note that while the letter states that Aten Technology owned the patent application, the published application attached to this letter shows the assignee as Aten International.

The second is a letter dated April 27, 2006, from IOGEAR to Amazon in Seattle, Washington, encouraging Amazon to discontinue selling various products allegedly infringing the '112 patent, including the "Avocent SVM200." *Id.* at 470-71. This letter collectively referred to Aten International, Aten Technology, and IOGEAR as "ATEN/IOGEAR" and asserted that this entity owned the '112 patent. The third letter was sent on March 15, 2007, at a time when Aten International and Avocent Redmond were litigating infringement of KVM patents owned by Avocent Redmond in a separate suit in the Western District of Washington. The letter was sent by counsel for Aten International to counsel for Avocent Redmond in Arlington, Virginia, asserting that Aten International's '112 and '287 patents were infringed by Avocent's KVM switch products and stating that efforts to resolve all outstanding disputes between the parties and avoid further litigation would require consideration of those patents as well as the others in suit. *Id.* at 448.

In reaction to these letters, on April 6, 2007, Avocent filed a complaint against Aten International in the United States District Court for the Northern District of Alabama for declaratory judgment of non-infringement and invalidity of the '287 and '112 patents. The complaint also presented claims of unfair competition under the Lanham Act, 15 U.S.C. § 1125, and intentional interference with business or contractual relations under Alabama law. Aten International subsequently moved, *inter alia*, to dismiss the entire action for lack of personal jurisdiction under Rule

12(b)(2) of the Federal Rules of Civil Procedure, or in the alternative, to transfer the case under 28 U.S.C. § 1404(a) to the Western District of Washington where Avocent Redmond had sued Aten International for patent infringement related to three KVM patents owned by Avocent Redmond.

The district court granted Aten International's motion to dismiss the entire action without prejudice for lack of personal jurisdiction. *Avocent Huntsville Corp. v. Aten Int'l Co.*, No. 07-CV-625, slip op. at 13 (N.D.Ala. Aug. 30, 2007). The district court held that it could not exercise specific jurisdiction over Aten International based on the letters asserting infringement, *id.* at 8, concluding that under *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1360-62 (Fed.Cir.1998), Aten International "did not purposefully submit itself to jurisdiction in Alabama by sending the three letters listed above." *Avocent*, slip op. at 10. The district court also rejected Avocent's assertion of general jurisdiction based on the availability of Aten International's products for sale in Alabama under a "stream of commerce" theory. *Id.* at 10-13. After noting that "it is not clear whether these KVM switches are the ones with patents involved in the Washington action, the instant action, or neither," *id.* at 11-12, the district court found the most instructive case to be *Viam Corp. v. Iowa Export-Import Trading Co.*, 84 F.3d 424 (Fed.Cir.1996) (applying the stream of commerce holding of *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558 (Fed.Cir.1994), in the context of a declaratory judgment action and holding that jurisdiction was

proper where there were purposefully directed activities in the forum through an established regular distribution channel). The district court held that, as distinguished from *Viam*, "[n]o similar systematic and continuous contact by [Aten International] with Alabama has been shown by the plaintiffs." *Avocent*, slip op. at 13. Avocent timely appealed. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

II. DISCUSSION

A. Standard of Review

Personal jurisdiction is a matter of law that we review de novo. *Genetic Implant Sys., Inc. v. Core-Vent Corp.*, 123 F.3d 1455, 1457 (Fed.Cir.1997) (citing *Viam*, 84 F.3d at 427). Moreover, we apply Federal Circuit law because the jurisdictional issue is "intimately involved with the substance of the patent laws." *Akro Corp. v. Luker*, 45 F.3d 1541, 1543 (Fed.Cir.1995); *see also Beverly Hills Fan*, 21 F.3d at 1565 ("Under [jurisdictional] circumstances such as these, we have held we owe no special deference to regional circuit law."). Furthermore, we apply our own law to all of the claims where "the question of infringement is a critical factor in determining liability under the non-patent claims." *Breckenridge Pharm., Inc. v. Metabolite Labs., Inc.*, 444 F.3d 1356, 1362 (Fed.Cir.2006).

In this case, "[b]ecause the parties have not conducted discovery, [Avocent] needed only to make a prima facie showing that [Aten International was]

subject to personal jurisdiction. As such, the pleadings and affidavits are to be construed in the light most favorable to [Avocent]." *Silent Drive, Inc. v. Strong Indus., Inc.*, 326 F.3d 1194, 1201 (Fed.Cir.2003) (internal citations and quotation marks omitted); *see also Elecs. for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1349 (Fed.Cir.2003) ("[W]here the district court's disposition as to the personal jurisdictional question is based on affidavits and other written materials in the absence of an evidentiary hearing, a plaintiff need only to make a *prima facie* showing that defendants are subject to personal jurisdiction. In the procedural posture of a motion to dismiss, a district court must accept the uncontroverted allegations in the plaintiff's complaint as true and resolve any factual conflicts in the affidavits in the plaintiff's favor." (internal citations omitted)).

B. Analysis

"Determining whether personal jurisdiction exists over an out-of-state defendant involves two inquiries: whether a forum state's long-arm statute permits service of process, and whether the assertion of personal jurisdiction would violate due process." *Inamed Corp. v. Kuzmak*, 249 F.3d 1356, 1359 (Fed.Cir.2001). Alabama's long-arm statute permits service of process "as broad as the permissible limits of due process." *Ala. Power Co. v. VSL Corp.*, 448 So.2d 327, 328 (Ala.1984). Thus, our jurisdictional analysis collapses into a single determination of whether the exercise of personal jurisdiction comports with due process.

Appendix A

1.

"[D]ue process requires only that in order to subject a defendant to a judgment in personam, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316, 66 S.Ct. 154, 90 L.Ed. 95 (1945) (internal quotation marks omitted). While the application of this description of due process has evolved along with the increasing national and international scope of business transactions affecting citizens of this country, the Supreme Court has repeatedly cautioned that "it is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." *Hanson v. Denckla*, 357 U.S. 235, 253, 78 S.Ct. 1228, 'L.Ed.2d 1283 (1958). "This purposeful availment requirement ensures that a defendant will not be haled into a jurisdiction solely as a result of random, fortuitous, or attenuated contacts, or of the unilateral activity of another party or a third person." *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475, 105 S.Ct. 2174, 85 L.Ed.2d 528 (1985) (internal citations and quotation marks omitted). Accordingly, "[e]ach defendant's contacts with the forum State must be assessed individually," *Calder v. Jones*, 465 U.S. 783, 790, 104 S.Ct. 1482, 79 L.Ed.2d 804 (1984), and "[t]he unilateral activity of those who claim some relationship with a nonresident defendant cannot satisfy the requirement of contact with the forum State," *Hanson*, 357 U.S. at 253, 78 S.Ct. 1228.

While it may be argued that "a nonresident corporation should expect ... amenability to suit in any forum that is significantly affected by the corporation's commercial activities," *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 423, 104 S.Ct. 1868, 80 L.Ed.2d 404 (1984) (Brennan, J., dissenting), the Supreme Court has disagreed: "Although it has been argued that foreseeability of causing *injury* in another State should be sufficient to establish such contacts there when policy considerations so require, the Court has consistently held that this kind of forseeability is not a 'sufficient benchmark' for exercising personal jurisdiction." *Burger King*, 471 U.S. at 474, 105 S.Ct. 2174 (footnote omitted). Similarly, "[t]he mere fact that [defendants] can 'foresee' that the article will be circulated and have an effect in [the forum state] is not sufficient for an assertion of jurisdiction." *Calder*, 465 U.S. at 789, 104 S.Ct. 1482. "Instead, 'the forseeability that is critical to due process analysis . . . is that the defendant's conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there.' " *Burger King*, 471 U.S. at 474, 105 S.Ct. 2174 (quoting *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297, 100 S.Ct. 559, 62 L.Ed.2d 490 (1980)).

Consistent with these principles, the Supreme Court has drawn a distinction between "specific" jurisdiction and "general" jurisdiction. To establish specific jurisdiction, a plaintiff must demonstrate that "the defendant has 'purposefully directed' his activities at residents of the forum, *Keeton v. Hustler Magazine*,

Inc., 465 U.S. 770, 774, 104 S.Ct. 1473, 79 L.Ed.2d 790 (1984), and the litigation results from alleged injuries that 'arise out of or relate to' those activities, *Helicopteros* [466 U.S. at 414, 104 S.Ct. 1868]." *Burger King*, 471 U.S. at 472-73, 105 S.Ct. 2174. "Although the nexus necessary to satisfy the 'arise out of or related to' requirement of the due process inquiry has not been clearly delineated by the Supreme Court, we have stated that it is significant that the constitutional catch-phrase is disjunctive in nature, indicating an added flexibility and signaling a relaxation of the applicable standard from a pure 'arise out of' standard." *Inamed*, 249 F.3d at 1362 (citing *Akro*, 45 F.3d at 1547); *see also Helicopteros*, 466 U.S. at 415 n. 10, 104 S.Ct. 1868 (declining to address whether there should be a "distinction between controversies that 'relate to' a defendant's contacts with a forum and those that 'arise out of' such contacts"); *id.* at 425, 104 S.Ct. 1868 (Brennan, J., dissenting).

To establish the minimum contacts necessary to establish general personal jurisdiction, plaintiffs bear a higher burden. Specifically, where a plaintiff's claims do not arise out of or relate to the defendant's contacts with the forum State, "[w]e . . . must explore the nature of [the defendant's] contacts with the [forum State] to determine whether they constitute ... *continuous and systematic* general business contacts." *Helicopteros*, 466 U.S. at 415-16, 104 S.Ct. 1868 (emphasis added).

In addition to the foregoing general principles of "specific" and "general" jurisdiction, the Supreme Court has also commented on the amenability to suit of persons

engaged in activities that result in the flow of goods in commerce. The Court has explained that

> if the sale of a product of a manufacturer or distributor . . . is not simply an isolated occurrence, but arises from the efforts of the manufacturer or distributor to serve, directly or indirectly, the market for its product in other States, it is not unreasonable to subject it to suit in one of those States if its allegedly defective merchandise has there been the source of injury to its owner or to others. The forum State does not exceed its powers under the Due Process Clause if it asserts personal jurisdiction over a corporation that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State.

World-Wide Volkswagen, 444 U.S. at 297-98, 100 S.Ct. 559. Significant confusion relates to this "stream of commerce" explication, as demonstrated by the Supreme Court's subsequent split in *Asahi Metal Industry Co. v. Superior Court* regarding whether or not "[t]he placement of a product into the stream of commerce, *without more*," may serve as "an act of the defendant purposefully directed toward the forum State." 480 U.S. 102, 112, 107 S.Ct. 1026, 94 L.Ed.2d 92 (1987) (emphasis added) (O'Connor, J.). *See generally Commissariat A L'Energie Atomique v. Chi Mei Optoelectronics Corp.*, 395 F.3d 1315, 1321-22 & n. 7 (Fed.Cir.2005) (discussing the conflicting plurality

opinions in *Asahi*, noting that we have yet to decide between Justice Brennan's lenient approach and the more rigorous standard adopted by Justice O'Connor, and recognizing a split of authority in the regional circuits on this point). Moreover, because this theory of jurisdiction originates in the product liability context, which lends itself to the *specific* jurisdiction framework, it remains unclear whether contacts based solely on the "stream of commerce" may suffice to establish *general* jurisdiction. The Fifth Circuit, for example, has held that such contacts will not support a finding of general jurisdiction. *Bearry v. Beech Aircraft Corp.*, 818 F.2d 370, 375 (5th Cir.1987).

The Supreme Court has also instructed that personal jurisdiction may be "proper because of [a defendant's] intentional conduct in [another State] calculated to cause injury to [the plaintiff] in [the forum State]." *Calder*, 465 U.S. at 791, 104 S.Ct. 1482. In *Calder*, the Supreme Court held that the author and editor of an allegedly libelous article circulated in California, albeit written and edited in Florida, which "they knew would have a potentially devastating impact upon [the plaintiff]," and which targeted a resident of California, was not "mere untargeted negligence." *Id.* at 788-90, 104 S.Ct. 1482. "Rather, their intentional, and allegedly tortious, actions were expressly aimed at California," and thus they "must 'reasonably anticipate being haled into court there.' " *Id.* at 789-90, 104 S.Ct. 1482 (quoting *World-Wide Volkswagen*, 444 U.S. at 297, 100 S.Ct. 559).

Finally, "[o]nce it has been decided that a defendant purposefully established minimum contacts within the forum State, these contacts may be considered in light of other factors to determine whether the assertion of personal jurisdiction would comport with 'fair play and substantial justice.' " *Burger King*, 471 U.S. at 476, 105 S.Ct. 2174 (quoting *Int'l Shoe*, 326 U.S. at 320, 66 S.Ct. 154). Relevant factors include: "[1] 'the burden on the defendant,' [2] 'the forum State's interest in adjudicating the dispute,' [3] 'the plaintiff's interest in obtaining convenient and effective relief,' [4] 'the interstate judicial system's interest in obtaining the most efficient resolution of controversies,' and [5] the 'shared interest of the several States in furthering fundamental substantive social policies.' " *Id.* at 477, 105 S.Ct. 2174 (quoting *World-Wide Volkswagen*, 444 U.S. at 292, 100 S.Ct. 559). While "[t]hese considerations [may] sometimes serve to establish the reasonableness of jurisdiction upon a lesser showing of minimum contacts than would otherwise be required ... where a defendant who purposefully has directed his activities at forum residents seeks to defeat jurisdiction, he must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable." *Id.* (internal citations omitted).

2.

Against this backdrop of Supreme Court authority, we have held in the context of patent infringement litigation that an assertion of *general* jurisdiction "requires that the defendant have 'continuous and

systematic' contacts with the forum state," and that such activity will "confer [ ] [general] personal jurisdiction even when the cause of action has no relationship with those contacts." *Silent Drive*, 326 F.3d at 1200. With respect to *specific* jurisdiction,

> [t]his court employs a three-prong test, in which we determine whether: (1) the defendant purposefully directed its activities at residents of the forum, (2) the claim arises out of or relates to those activities, and (3) assertion of personal jurisdiction is reasonable and fair. With respect to the last prong, the burden of proof is on the defendant, which must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable under the five-factor test articulated by the Supreme Court in *Burger King*.

Breckenridge, 444 F.3d at 1363 (internal citation and quotation marks omitted). "The first two factors correspond with the 'minimum contacts' prong of the *International Shoe* analysis, and the third factor corresponds with the 'fair play and substantial justice' prong of the analysis." *Inamed*, 249 F.3d at 1360. We have also applied the stream of commerce theory, although we have not resolved the split in authority reflected in the competing plurality opinions in *Asahi*. *See Beverly Hills Fan*, 21 F.3d at 1566.

Appendix A

a.

In the ordinary patent infringement suit, the claim asserted by the patentee plaintiff is that some act of making, using, offering to sell, selling, or importing products or services by the defendant constitutes an infringement of the presumptively valid patent named in suit. *See* 35 U.S.C. § 271(a). Thus, for purposes of specific jurisdiction, the jurisdictional inquiry is relatively easily discerned from the nature and extent of the commercialization of the accused products or services by the defendant in the forum. *See Red Wing Shoe*, 148 F.3d at 1360. In such litigation, the claim both "arises out of" and "relates to" the defendant's alleged manufacturing, using, or selling of the claimed invention. But in the context of an action for declaratory judgment of non-infringement, invalidity, and/or unenforceability, the patentee is the defendant, and the claim asserted by the plaintiff relates to the "wrongful restraint [by the patentee] on the free exploitation of non-infringing goods . . . [such as] the threat of an infringement suit." *Id.* Thus, the nature of the claim in a declaratory judgment action is "to clear the air of infringement charges." *Id.* Such a claim neither directly arises out of nor relates to the making, using, offering to sell, selling, or importing of arguably infringing products in the forum, but instead arises out of or relates to the activities of the defendant patentee in enforcing the patent or patents in suit. The relevant inquiry for specific personal jurisdiction purposes then becomes to what extent has the defendant patentee "purposefully directed [such enforcement activities] at residents of the forum," and

the extent to which the declaratory judgment claim "arises out of or relates to those activities."[2]

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2. This inquiry should not be confused with the "case or controversy" requirement of the Declaratory Judgment Act, 28 U.S.C. § 2201(a). While the Supreme Court recently altered the subject matter jurisdiction landscape by rejecting the "reasonable apprehension of suit" test, *see SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1380 (Fed.Cir.2007) (recognizing that "[t]he Supreme Court's opinion in [*MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 S.Ct. 764, 166 L.Ed.2d 604 (2007)], represents a rejection of our reasonable apprehension of suit test"), the independent requirement of personal jurisdiction over the defendant remains an important and independent limit on the power of the federal courts. *See Ruhrgas AG v. Marathon Oil Co.*, 526 U.S. 574, 583-84, 119 S.Ct. 1563, 143 L.Ed.2d 760 (1999) (distinguishing between the "two jurisdictional bedrocks" of subject matter jurisdiction and personal jurisdiction, rejecting the notion that "subject matter jurisdiction is ever and always the more 'fundamental,' " and clarifying that "[p]ersonal jurisdiction, too, is 'an essential element of the jurisdiction of a district . . . court,' without which the court is 'powerless to proceed to an adjudication' " (quoting *Employers Reinsurance Corp. v. Bryant*, 299 U.S. 374, 382, 57 S.Ct. 273, 81 L.Ed. 289 (1937))). Indeed, the extent to which declaratory judgment jurisdiction may be more easily found makes the personal jurisdiction inquiry that much more important.

In *Viam* we noted that

> the question of personal jurisdiction . . . is a question of the power of a judicial forum to decide the issues brought before it. A patentee who seeks to enforce its patent may bring an infringement action in a proper forum, and issues regarding the validity and

(Cont'd)

Breckenridge, 444 F.3d at 1363. This inquiry necessarily places greater focus in a declaratory judgment action on the differences, if any, in the meaning of the "arises out of" and "relates to" inquiries for personal jurisdiction.

In many patent declaratory judgment actions, the alleged injury arises out of the threat of infringement as communicated in an "infringement letter," and the patentee may have little contact with the forum beyond this letter. *See generally Red Wing Shoe*, 148 F.3d at 1359-61. While such letters themselves might be expected to support an assertion of specific jurisdiction over the patentee because "the letters are 'purposefully

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(Cont'd)

> enforceability of the patent may be raised by the defendant. Under our law, a potential defendant in an infringement suit may, in a proper case, preempt the patentee and initiate a suit challenging the enforcement of the patent. The issues on the merits are essentially the same in either situation; the test for personal jurisdiction, for the forum's power to hear the issues, should be the same.

84 F.3d at 428. This statement should not be construed to conflate the distinct requirements of subject matter and personal jurisdiction. Nor should our commentary in *Viam* be construed to eviscerate the Supreme Court's longstanding requirement that the "minimum contacts" between the defendant and the forum state must "proximately result from actions by the defendant *himself* that create a 'substantial connection' with the forum State." *Burger King*, 471 U.S. at 475, 105 S.Ct. 2174 (quoting *McGee v. Int'l Life Ins. Co.*, 355 U.S. 220, 223, 78 S.Ct. 199, 'L.Ed.2d 223 (1957)).

directed' at the forum and the declaratory judgment action 'arises out of' the letters," *Silent Drive*, 326 F.3d at 1202, we have held that, based on "policy considerations unique to the patent context," *id.* at 1206, "letters threatening suit for patent infringement sent to the alleged infringer *by themselves* 'do not suffice to create personal jurisdiction,' " *id.* at 1202 (quoting *Red Wing Shoe*, 148 F.3d at 1359-60) (emphasis added). This is "because to exercise jurisdiction in such a situation would not 'comport with fair play and substantial justice.'" *Id.* (quoting *Red Wing Shoe*, 148 F.3d at 1359-60). "Principles of fair play and substantial justice afford a patentee sufficient latitude to inform others of its patent rights without subjecting itself to jurisdiction in a foreign forum. A patentee should not subject itself to personal jurisdiction in a forum solely by informing a party who happens to be located there of suspected infringement. Grounding personal jurisdiction on such contacts alone would not comport with principles of fairness." *Red Wing Shoe*, 148 F.3d at 1360-61; *see also Silent Drive*, 326 F.3d at 1206. Thus, "[f]or the exercise of personal jurisdiction to comport with fair play and substantial justice, there must be 'other activities' directed at the forum *and related to the cause of action* besides the letters threatening an infringement suit." *Silent Drive*, 326 F.3d at 1202 (emphasis added); *see also Calder*, 465 U.S. at 788, 104 S.Ct. 1482 (noting that "[i]n judging minimum contacts, a court properly focuses on 'the relationship among *the defendant*, the forum, *and the litigation.*' " (emphases added) (quoting *Shaffer v. Heitner*, 433 U.S. 186, 204, 97 S.Ct. 2569, 53 L.Ed.2d 683 (1977))).

b.

Because declaratory judgment actions raise non-infringement, invalidity, and/or unenforceability issues central to enforcement of the patents in question, we have looked beyond the "arises out of" inquiry and have found jurisdiction where such "other activities" in some identifiable way "relate to" enforcement of those patents in the forum. Recently, in *Breckenridge*, we summarized our precedent regarding what "other activities" in addition to cease and desist letters would suffice to meet the "relate to" requirement for specific personal jurisdiction. 444 F.3d at 1363-67. We observed that:

> [T]he crux of the due process inquiry should focus first on whether the defendant has had contact with parties in the forum state beyond the sending of cease and desist letters or mere attempts to license the patent at issue there. Where a defendant-licensor has a relationship with an exclusive licensee headquartered or doing business in the forum state, the inquiry requires close examination of the license agreement. In particular, our case law requires that the license agreement contemplate a relationship beyond royalty or cross-licensing payment, such as granting both parties the right to litigate infringement cases or granting the licensor the right to exercise control over the licensee's sales or marketing activities.

444 F.3d at 1366. While "the plaintiff need not be the forum resident toward whom any, much less all, of the defendant's relevant activities were purposefully directed," *Akro*, 45 F.3d at 1547 (citing *Keeton*, 465 U.S. 770, 104 S.Ct. 1473 and *Calder*, 465 U.S. 783, 104 S.Ct. 1482), we have consistently required the defendant to have engaged in "other activities" that relate to the *enforcement* or the *defense of the validity* of the relevant patents. Examples of these "other activities" include initiating judicial or extra-judicial patent enforcement within the forum, or entering into an exclusive license agreement or other undertaking which imposes enforcement obligations with a party residing or regularly doing business in the forum. *See Campbell Pet Co. v. Miale*, 542 F.3d 879, 886 (Fed.Cir.2008) (finding jurisdiction over a patentee whose "extra-judicial patent enforcement," namely, enlisting a third party to remove defendant's products from a trade show that was being held in the forum state, went beyond merely informing the defendant of its alleged infringement);[3]

3. The dissent's comparison of this case to *Campbell Pet* is, with all due respect, inapt. The patentee's extra-judicial enforcement activities in *Campbell Pet* were directed at the forum state, where the trade show was being held. Here, by contrast, IOGEAR sent the second letter to Amazon in Seattle, Washington—not the Alabama forum. Moreover, what the dissent has generalized as a patentee's "commercial-type contact," *post* at 1343, amounting to the mere sale of products, had no bearing on the question of specific personal jurisdiction in *Campbell Pet*. There, the patentee's twelve sales to forum residents were analyzed only with regard to general personal jurisdiction—not specific personal jurisdiction. 542 F.3d at 884 (holding those sales to be too "sporadic and insubstantial" to support general personal jurisdiction).

Breckenridge, 444 F.3d at 1366 ("Here, in addition to sending letters into the forum state, . . . Metabolite has entered into *an exclusive license* with PamLab, a company that . . . conducts business in Florida." (emphasis added)); *Silent Drive*, 326 F.3d at 1202 (noting that "*[e]xclusive license agreements* with respect to the patents at issue with residents of the forum . . . have, at least in some circumstances, been held sufficient to confer personal jurisdiction" (emphasis added)); *Inamed*, 249 F.3d at 1361 (finding jurisdiction over a patentee who had previously "granted [the plaintiff] *an exclusive license* to practice the inventions claimed in the [relevant] patents" (emphasis added)); *Red Wing Shoe*, 148 F.3d at 1362 (noting that in *Akro*, "[i]n light of the patentee's substantial contacts with its *exclusive licensee*, this court determined that the patent was a sufficient nexus between the contacts and the cause of action to establish 'specific jurisdiction.' " (emphasis added)); *Genetic Implant Sys.*, 123 F.3d at 1458 (finding jurisdiction over a patentee who "contracted with [an *exclusive* distributor] to sell [the] patented products in [the forum State]" where the agreement was " *analogous to a grant of a patent license*" (emphasis added)); *Viam*, 84 F.3d at 430 (finding jurisdiction where "according to their own submission to this court, [the defendants] have initiated a *suit seeking to enforce the same patent* that is the subject of this suit against other parties, unrelated to this action, in the same district court" (emphasis added)); *Akro*, 45 F.3d at 1543, 1548-49 (finding jurisdiction over patentee who had *exclusively licensed* the plaintiff's local competitor to practice the relevant patent, where the license

agreement also "oblige[d] [the patentee] '*to defend and pursue any infringement* against' the [relevant] patent" (emphasis added)).[4]

While exclusive licensing agreements and other undertakings that impose enforcement obligations on a patentee or its licensee reflect the kind of "other activities" that support specific personal jurisdiction in a declaratory judgment action, the defendant patentee's own commercialization activity does not. What the patentee makes, uses, offers to sell, sells, or imports is of no real relevance to the enforcement or defense of a patent, because "the federal patent laws do not create any affirmative right to make, use, or sell anything." *Leatherman Tool Group Inc. v. Cooper Indus., Inc.*, 131 F.3d 1011, 1015 (Fed.Cir.1997). "The franchise which the patent grants, consists altogether in the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent." *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539, 549, 14 L.Ed. 532 (1852); *see also* 35 U.S.C. § 154(a)(1) (2000) ("Every patent shall . . . grant to the patentee, his heirs or assigns, . . . the right to *exclude* others. . . .") (emphasis added).

Thus, it is not surprising that several district courts have held that a defendant patentee's sales, even of

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4. The dissent draws "[a]nalogy" to *Akro* but fails to recognize the absence of any exclusive license or other enforcement obligation in the present case. *Post* at 1343.

products covered by its own patents in the forum state, do not necessarily relate to the patentee's amenability to specific personal jurisdiction in actions for declaratory judgment of non-infringement and invalidity of those patents. *See, e.g., Polymers, Inc. v. Ultra Flo Filtration Sys., Inc.*, 33 F.Supp.2d 1008, 1017 (M.D.Fla.1998) (holding that the "distribution of [the patentee's] own patented goods in Florida is not intimately or sufficiently connected with [the plaintiff's] action to obtain a declaration that [the plaintiff's] goods do not infringe [the patentee's] patents"); *DP Envtl. Servs., Inc., v. Bertlesen*, 834 F.Supp. 162, 166 (M.D.N.C.1993) ("The stream of commerce theory for asserting personal jurisdiction is inapplicable in a case such as this where the cause of action did not arise from the manufacturer's products in the forum state."); *Ryobi Am. Corp. v. Peters*, 815 F.Supp. 172, 177 (D.S.C.1993) ("A declaratory judgment action involving a patent, when properly brought, does not depend on the actual manufacture of the item by the patent holder or the patent holder's licensee."). *But see SRAM Corp. v. Sunrace Roots Enter. Co.*, 390 F.Supp.2d 781, 787 (N.D.Ill.2005) (holding that a declaratory judgment defendant had " 'purposefully directed' its activities at residents of [the] forum by marketing a product that directly competes with the allegedly infringing [product]").

Similarly, we have held that mere evidence of sales within the forum of products covered by the relevant patent(s) is insufficient to guarantee specific personal jurisdiction over the patentee. For example, in *Breckenridge* we noted that specific personal jurisdiction

is not proper where the patentee "has successfully licensed the patent in the forum state, even to multiple non-exclusive licensees, but . . . has no dealings with those licensees beyond the receipt of royalty income." 444 F.3d at 1366 (citing *Red Wing Shoe*, 148 F.3d at 1357-58). In *Red Wing Shoe*, we declined to find specific personal jurisdiction over a patentee with thirty-four non-exclusive licensees selling the patented product in the forum State because "none of [the patentee's] licenses requires it to defend or pursue infringement actions involving the [relevant] patent, nor requires [the patentee] to be so nearly involved with its licensees as was the case with the exclusive licensee in *Akro*." 148 F.3d at 1359, 1362.

In short, a defendant patentee's mere acts of making, using, offering to sell, selling, or importing products—whether covered by the relevant patent(s) or not—do not, in the jurisdictional sense, relate in any material way to the patent right that is at the center of any declaratory judgment claim for non-infringement, invalidity, and/or unenforceability. Thus, we hold that such sales do not constitute such "other activities" as will support a claim of specific personal jurisdiction over a defendant patentee. While such activities may in the aggregate justify the exercise of *general* jurisdiction over the patentee, they do not establish a basis for *specific* jurisdiction in this context.[5] However, based on

5. The dissent states that the majority is "ruling that the commercial activity of a non-resident company in the forum is always irrelevant to personal jurisdiction." *Post* at 1344. We (Cont'd)

our precedent, as discussed *supra*, if the defendant patentee purposefully directs activities at the forum which relate in some material way to the enforcement or the defense of the patent, those activities may suffice to support specific jurisdiction. For example, when the patentee enters into an exclusive license or other obligation relating to the exploitation of the patent by such licensee or contracting party in the forum, the patentee's contractual undertaking may impose certain obligations to enforce the patent against infringers. By such conduct, the patentee may be said to purposefully avail itself of the forum and to engage in activity that relates to the validity and enforceability of the patent.

c.

While we are bound by our precedent, it is not without controversy. Even a patentee's exclusive licensing and enforcement activities in the forum raise questions as to the propriety of an assertion of personal jurisdiction over a non-resident defendant. As previously discussed, the Supreme Court has declined to address the exact contours of the "arise out of or related to" language of the specific jurisdiction analysis. *See Inamed*, 249 F.3d at 1362; 16 James Wm. Moore et al., *Moore's Federal Practice* § 108.42[7][a] (3d ed. 2008) ("Although the exercise of specific jurisdiction clearly

(Cont'd)
make no such sweeping ruling. With all due respect, the dissent's statement is not only incorrect, but fails to appreciate, inter alia, the distinction between general and specific personal jurisdiction.

depends on the existence of some nexus between the defendant's contacts and the controversy . . . it is not clear how strong this nexus must be."). Many of the regional circuit courts have adopted restrictive interpretations of this requirement. For example, the First Circuit has held that "[t]he relatedness requirement is not an open door; it is closely read, and it requires a showing of a material connection. . . . [D]ue process demands something like a 'proximate cause' nexus." *Harlow v. Children's Hosp.*, 432 F.3d 50, 61 (1st Cir.2005) (citations and internal quotation marks omitted). Some circuit courts, such as the Ninth Circuit, "rely on a 'but for' test to determine whether a particular claim arises out of forum-related activities and thereby satisfies the second requirement for specific jurisdiction." *Ballard v. Savage*, 65 F.3d 1495, 1500 (9th Cir.1995) (noting that "[t]he question, therefore, is this: but for Royal's contacts with the United States and California, would Ballard's claims against the Bank have arisen?"). Our own interpretation of the "arise out of or related to" language is far more permissive than either the "proximate cause" or the "but for" analyses. A patentee's efforts to license or enforce its patent against unrelated parties in the forum state do not proximately cause a declaratory judgment suit for non-infringement, invalidity and/or unenforceability, nor are these activities a "but for" cause of such a suit. However, we need not confront the soundness of our precedent in the case at hand because even under our more permissive view of the "relates to" requirement, the defendant's activities alleged in this case do not establish a basis for personal jurisdiction.

Appendix A

3.

a.

Here, Avocent primarily argues that Aten International should be subject to personal jurisdiction in Alabama based on the alleged availability of various Aten International products for sale in the forum state. *See Viam*, 84 F.3d at 428 (holding that the stream of commerce theory of *Beverly Hills Fan* could apply in the declaratory judgment context, where the patentee is the defendant). Avocent contends that Aten International's direct and indirect sales activity in Alabama demonstrates a nationwide distribution network, through which Aten International delivers products to Alabama residents and consequently is susceptible to jurisdiction in Alabama under *Viam*. Avocent attempts to distinguish the *Red Wing Shoe* line of cases as inapplicable to patentees such as Aten International that manufacture products and distribute them into the forum, either directly or through the stream of commerce. It argues that in these cases the outcome would have been different if the patentees had been defendant manufacturers of commercial products that entered the forum state.

Aten International does not dispute that products it manufactures may be purchased in Alabama but contends that it has never conducted any business in Alabama; that there is no evidence that Aten International controls the distribution of its products, acted in concert with distributors, or had any knowledge

that the likely destination of its products was Alabama; and that Avocent failed to establish that any products sold in Alabama relate to this case or even to the underlying patents. It argues that any sales activity in the United States is attributable to its subsidiary, Aten Technology. Aten International cites several regional circuit cases for the proposition that a corporate subsidiary's contacts in the forum state cannot be imputed to the parent corporation absent clear and convincing evidence that the parent controls the subsidiary's activities. *See, e.g., Negron-Torres v. Verizon Commc'ns, Inc.*, 478 F.3d 19, 27 (1st Cir.2007) (declining to assert jurisdiction over Verizon based on the actions of its subsidiary without strong evidence of control by the parent corporation).

As an initial matter, Avocent makes no attempt to establish that Aten International's contacts with Alabama, whether through the "stream of commerce" or otherwise, rise to the level of "continuous and systematic" activity sufficient to confer general jurisdiction. The district court rejected Avocent's assertion of general jurisdiction under a "stream of commerce" theory, *Avocent*, slip op. at 13, and Avocent apparently abandoned that argument on appeal as it pertains to general jurisdiction. *See* Appellants' Reply Br. at 16 (arguing that Aten International's reference to the "continuous and systematic general business contact" jurisdictional standard is not relevant to this appeal). Accordingly, we focus our analysis on specific jurisdiction, under which Avocent must make a prima facie showing that Aten International "purposefully

directed its activities at residents of the forum," and that Avocent's declaratory judgment action "arises out of or relates to those activities." *Breckenridge*, 444 F.3d at 1363.

The "purposefully directed" prong of the "minimum contacts" analysis requires us to critically examine the roles of Aten International, Aten Technologies, and IOGEAR. In that regard, Avocent's complaint is fatally deficient. Avocent's complaint does not explicitly identify Aten Technologies or IOGEAR, or explain the relationship between these corporate entities. It merely alleges that Aten International engages in unspecified sales and marketing activity "directly or through their agents or affiliates." Compl. ¶ 4. But as we have held *supra*, the mere sale of defendant's products—whether covered by the patents in suit or not—is not sufficient to establish specific personal jurisdiction in a declaratory judgment suit. Thus, Avocent has failed to allege "sufficient activities related to the claim of patent non-infringement and invalidity" as to support the assertion of specific personal jurisdiction. *Silent Drive*, 326 F.3d at 1202.

Avocent attempts to draw a distinction between manufacturing and non-manufacturing patentees for purposes of personal jurisdiction. However, this distinction is not helpful. As previously explained, the only contacts between Aten International and Alabama that are relevant are those that relate in some material way to the enforcement or defense of the patents at issue. Regardless of how Aten International's products

got to Alabama, and regardless of who sold them there, Avocent's complaint and the declarations it submitted to the district court—even when construed in the light most favorable to Avocent—fail to allege any connection to the patents at issue, let alone the enforcement thereof. *See* Compl. ¶ 4 (alleging that Aten International "transacts business in this District and elsewhere by making, using, selling, and/or offering for sale products in this District" and that these products are "KVM switch products that enable workstations to communicate with, and switch between, remote computers"); *id.* ¶ 7 (alleging that Aten International "has transacted business within the State of Alabama"). Nowhere in these documents does Avocent identify activities purposefully directed at the forum and related in any material way to the enforcement or defense of the validity of the patents at issue. This critically undermines its assertion of specific personal jurisdiction.

Avocent's reliance on *Viam* is unavailing. In that case, the patentee's relevant jurisdictional activity included enforcement proceedings involving the same patent in the same court against other alleged infringers—a significant contact with the forum materially related to the enforcement of the relevant patent. *See Viam*, 84 F.3d at 430 (noting that "according to their own submission to this court, [the defendants] have initiated a suit seeking to enforce the same patent that is the subject of this suit against other parties, unrelated to this action, in the same district court"). Here, by contrast, Aten International and its subsidiary

have previously enforced the patents against other parties in the Eastern District of Texas, the Northern District of California, and the International Trade Commission located in Washington, D.C. But Avocent has made no allegation that Aten International has attempted to enforce these patents in any Alabama court. To the extent the dissent contends that Aten International's enforcement activities in other fora subject it to specific personal jurisdiction in Alabama, *post* at 1346-47, we respectfully disagree. We are aware of no precedent that holds that the filing of a suit in a particular state subjects that party to specific personal jurisdiction everywhere else.

Although we expressed concerns in *Viam* regarding improper attempts by foreign patentees to shield themselves from domestic litigation, *e.g.*, *id.* (expressing concern that foreign patentees "would be able to set up domestic fronts through which they could do business without subjecting their patents to the rigorous scrutiny demanded by United States patent law"), we cannot ignore the framework for determining jurisdiction within a given forum, *see World-Wide Volkswagen*, 444 U.S. at 293, 100 S.Ct. 559 (noting that the Supreme Court has "never accepted the proposition that state lines are irrelevant for jurisdictional purposes"). Moreover, a district court's refusal to exercise personal jurisdiction over a foreign patentee in a particular state does not foreclose the availability of a domestic forum. By statute, every foreign patentee is subject to jurisdiction in at least one state or in the District of

Columbia. Section 293 of U.S.Code title 35 provides that foreign patentees

> may file in the Patent and Trademark Office a written designation stating the name and address of a person residing within the United States on whom may be served process. . . . If the person designated cannot be found . . . or if no person has been designated, the United States District Court for the District of Columbia shall have jurisdiction. . . . The court shall have the same jurisdiction to take any action respecting the patent or rights thereunder that it would have if the patentee were personally within the jurisdiction of the court.

In addition to having personal jurisdiction over Avocent's patent claims under 35 U.S.C. § 293, and contrary to the dissent's suggestion, *post* at 1348-49, the United States District Court for the District of Columbia would have pendent personal jurisdiction over Avocent's non-patent claims to the extent they form part of the "same case or controversy" as the patent claims. 28 U.S.C. § 1367(a); *see Coyle*, 340 F.3d at 1348 n. 1 (Fed.Cir.2003) (stating that "the district court would also have personal jurisdiction over defendants as to the two state law claims provided that personal jurisdiction existed as to the patent claim and there was supplemental jurisdiction pursuant to 28 U.S.C. § 1367 existed [sic] as to the state law claims"); *Silent Drive*, 326 F.3d at 1206 (stating that § 1367(a) "confers supplemental jurisdiction with respect to both subject matter and personal jurisdiction where the 'same case or controversy' requirement is satisfied"); *Inamed*,

249 F.3d at 1362-63 (holding that the district court had both personal jurisdiction over plaintiff's patent misuse claim and pendent personal jurisdiction over other causes of action); *Oetiker v. Jurid Werke, G.m.b.H.*, 556 F.2d 1, 5 (D.C.Cir.1977) ("[T]he concept of pendent personal jurisdiction may be helpful in achieving the purposes of [35 U.S.C.] § 293 to give American manufacturers relief against harassment by nonresident patentees."); 13 Charles Alan Wright, Arthur R. Miller, Edward H. Cooper & Richard D. Freer, *Federal Practice and Procedure* § 3523.1, at n. 21 (2d ed. Supp.2008) ("Pendent personal jurisdiction permits a court to entertain a claim against a defendant over whom it lacks personal jurisdiction, but only if that claim arises from a common nucleus of operative fact with a claim in the same suit for which the court does have personal jurisdiction over the defendant.").

* * *

Accordingly, Avocent's allegation that Aten International products may be purchased in Alabama fails to establish either that Aten International "purposefully directed its activities at residents of the forum" or that this action "arises out of or relates to those activities." *Breckenridge*, 444 F.3d at 1363.

b.

As an independent basis for personal jurisdiction over Aten International, Avocent also argues that jurisdiction is proper under *Calder*. Avocent contends that the letters sent by Aten International to Avocent Huntsville and to Amazon provide personal jurisdiction because the intended

effect of the letters was to slow the sale of Avocent's allegedly infringing products. This argument presumably relates to Avocent's Lanham Act claim for unfair competition, which alleged that Aten International made infringement allegations directly to Avocent's customers "knowing that each patent is invalid, unenforceable and/or not infringed" by Avocent's products. Compl. ¶ 19.

Here, as in *Breckenridge*, "the question of infringement is a critical factor in determining liability under the non-patent claims. * * * [Aten International's] letters would neither be *unjustifiable* nor *unfair* if the implication of infringement contained therein is true. Accordingly, because the non-patent issues in this case are 'intimately linked to patent law,' Federal Circuit law regarding due process must be applied to the question of personal jurisdiction over [Aten International] with respect to all claims." 444 F.3d at 1362. Aten International's only activity pertinent to Avocent's Lanham Act claim consists of sending letters alleging patent infringement. In *Breckenridge*, we noted that "the Federal Circuit provides that a patent owner may, without more, send cease and desist letters to a suspected infringer, *or its customers*, without being subjected to personal jurisdiction in the suspected infringer's home state." *Id.* (emphasis added). Thus, while we ultimately found jurisdiction over the patentee in *Breckenridge* based on its "additional activities in the forum state," namely, an exclusive license, *id.* at 1366, we would not have accepted jurisdiction based solely on the letters in that case, which included "between ten and twenty letters to vitamin distributors and retailers informing them of the Metabolite patents and PamLab's exclusive license," *id.* at 1360.

Similarly, the three letters attributed to Aten International in this case do not subject it to personal jurisdiction in Alabama.

c.

Finally, because the district court did not have personal jurisdiction over Aten International with respect to the patent and Lanham Act claims, it correctly dismissed Avocent's state law claim for intentional interference with business or contractual relations. *Cf. Coyle*, 340 F.3d at 1348 n. 1 ("[T]he district court would also have personal jurisdiction over defendants as to the two state law claims provided that personal jurisdiction existed as to the patent claim and there was supplemental jurisdiction pursuant to 28 U.S.C. § 1367.") (citing *Silent Drive*, 326 F.3d at 1206).

III. CONCLUSION

For the above reasons, we conclude that the district court properly dismissed Avocent's claims against Aten International for lack of personal jurisdiction. Thus its judgment is

AFFIRMED.

Appendix A

NEWMAN, Circuit Judge, dissenting.

I cannot agree that personal jurisdiction is absent. The entirety of the contacts with the forum, as to both plaintiff and defendant, adequately supports the exercise of personal jurisdiction in the Northern District of Alabama, comporting with the principles of personal jurisdiction as elaborated by the Supreme Court. From my colleagues' contrary ruling I must, respectfully, dissent.

This is not merely the forum to which Aten International sent its notice of infringement; it is also the forum in which Aten International conducts regular retail sales of its products, and in direct competition with Avocent's products; the forum in which the accused infringing activities occur and in which Aten International's threatened suit would be brought; and the forum whose state and common laws apply to the complaint's counts of disparagement of Avocent's products and tortious interference with commercial relations. In further distinction from the cases cited in the majority's opinion, there is no other forum in which all of the counts of the complaint can be resolved as of right. Indeed, in the closest precedent on similar facts, where the foreign patentee had no place of business in the United States but charged a domestic company with infringement, that foreign patentee was held subject to personal jurisdiction in the state in which the declaratory plaintiff resided and the foreign patentee did business through a distributor. *Viam Corp. v. Iowa Export-Import Trading Co.*, 84 F.3d 424 (Fed.Cir.1996). In

application of Due Process and fairness, all factors must be considered, including the availability of alternative fora, in deciding whether the defendant's contacts with the forum are sufficient for the exercise of personal jurisdiction.

As this court stated in *Viam*, 84 F.3d at 429, it cannot have been contemplated that a foreign patentee who is participating in the United States market through subsidiaries and distributors, can rely on and enforce its patents against its competitors and the competitors' customers, and compete in ways that may be unfair or illegal under United States law, yet avoid being brought to account by keeping its corporate persona offshore.

My colleagues on this panel state that the law is that a patentee that moves its goods into a forum through a licensee is subject to the jurisdiction of the forum, but a patentee that moves its goods into a forum through a subsidiary and distributors is not subject to the jurisdiction of the forum. No basis for this delicate distinction can be found in precedent. Indeed, the principles that characterize precedent negate such a distinction. The overarching criteria of precedent are Due Process and fairness; requiring some minimal contacts between the forum and the defendant, but evaluating those contacts in the context of fairness to both parties, and recognizing circumstances such as here prevail, where there is no other forum for this complaint.

With all respect to the panel majority, they err in their analysis, for they simply take in isolation each

factor that can contribute to jurisdiction and find such factor inadequate, occasionally finding that some other factor plucked from a prior ruling is also not present, and weave a tapestry that excludes this complaint from every court in the United States. It is the totality of factors, in combination and interrelationship, that must be considered, with a firm fix on the overarching considerations of personal jurisdiction: Due Process and fairness, to the plaintiff as well as the defendant.

Avocent brought this declaratory action in the forum of its corporate residence and principal place of business, the forum in which the accused infringing activities are conducted, the forum to which Aten International directed its notice of infringement, the forum in which Aten International products are regularly sold in large retail stores, the forum in which the effects of the asserted unfair competition and commercial torts are most directly felt, the only forum whose state and common law apply to the commercial counts of the complaint. I shall discuss each of these contributing factors as they relate to the forum and the exercise of personal jurisdiction.

The considerations for personal jurisdiction

Plaintiff Avocent Huntsville Corp. is a corporation of the state of Alabama located in Huntsville, Alabama, and is a manufacturing and sales subsidiary of Avocent Corporation, a Delaware corporation having its headquarters and principal place of business in Huntsville, Alabama. Co-plaintiff Avocent Redmond

Corp. is also a subsidiary of Avocent Corporation, incorporated in the state of Washington. (Plaintiffs herein collectively "Avocent.") The defendant, Aten International Co., Ltd., is a corporation of the Republic of China, with its headquarters in Taipei, Taiwan. Aten International has no registered office and no official address in the United States, and sells and distributes its products through a United States subsidiary identified as Aten Technology, Inc., and an entity called IOGEAR.

Aten International, through a lawyer in California, wrote to the President of Avocent Corporation in Alabama, giving notice of a patent publication that the letter stated would be infringed by certain Avocent products. An Aten lawyer also wrote to customers of Avocent, including Amazon.com, stating that certain products that Amazon purchases from Avocent infringe designated patents of Aten International. Aten International is the patentee of the two patents that are the subject of these letters, as well as the manufacturer of the competing products.

Avocent filed suit in the Northern District of Alabama, with declaratory counts of patent invalidity and also counts for unfair competition under federal law and for various commercial torts under Alabama state law. The standard for the exercise of personal jurisdiction in a forum in which the defendant is not resident, is a matter of Due Process; that is, whether it is reasonable and fair to cause the defendant to appear and defend in that forum. The relevant considerations

are summarized by the Court as "the burden on the defendant, the forum State's interest in adjudicating the dispute, the plaintiff's interest in obtaining convenient and effective relief, the interstate judicial system's interest in obtaining the most efficient resolution of controversies, and the shared interest of the several States in furthering fundamental substantive social policies." *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 477, 105 S.Ct. 2174, 85 L.Ed.2d 528 (1985) (internal quotation marks omitted).

The reasonableness of exercise of personal jurisdiction is determined by weighing all relevant factors, including the interests of all parties, the state's interest, and the collective interest in the overarching considerations of due process and fairness. *See Electronics for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1352 (Fed.Cir.2003). All factors must be considered, in the basic inquiry of whether "the quality and nature of the activity in relation to the fair and orderly administration of the laws" is sufficient for a forum to exercise jurisdiction. *International Shoe v. Washington*, 326 U.S. 310, 319, 66 S.Ct. 154, 90 L.Ed. 95 (1945).

I identify seven general factors that contribute to the relationship between the disputants and involve the Alabama forum. Applying the criteria of precedent to the societal interest in resolution of controversy through judicial process, I conclude that the exercise of jurisdiction in the Alabama forum is not only reasonable, but necessary.

I start with the direct contact with the Alabama forum by Aten International, in which it sent notice of patent infringement to an Alabama resident:

(1) Aten International's infringement letter to Avocent Corporation's President in Alabama

Aten International's lawyer in California wrote to Mr. John Cooper, the President and CEO of Avocent Corporation, at the corporate headquarters in Huntsville, Alabama, enclosing a copy of Aten International's published United States patent application entitled "Automatic Switch", which issued as Patent No. 7,035,112. The letter stated: "we believe that [the claims] are relevant to a product your company is making, using, selling, offering to sell and/or importing," and referred to 35 U.S.C. § 154(d) which provides for damages for infringement of a published application. Letter from attorney George G.C. Tseng dated May 28, 2004.

We need not decide whether this letter, without more, would provide personal jurisdiction over the sender in the forum of the recipient, for here several additional factors provide this weight, including Aten International's products distributed in Alabama and sold in Alabama retail stores, and Aten International's contacts with Avocent's customers that are the subject of the counts of unfair competition, disparagement, and interference with commercial relations in Alabama and under Alabama law. Also relevant is the apparent absence of any other forum as to these counts.

This court has recognized personal jurisdiction in circumstances no less remote than those here. In *Campbell Pet Co. v. Miale*, 542 F.3d 879 (Fed.Cir.2008) this court held that the patentee was subject to declaratory action in the state of Washington, finding sufficient contact where the patentee had attended a trade show in Washington, had complained about the plaintiff's display and asked the show manager to remove it, and then wrote to the plaintiff in Washington, charging infringement. Although the district court had dismissed the action for lack of personal jurisdiction, this court reversed, stating that "the defendants' conduct went beyond simply informing the plaintiff that they regarded the plaintiff's products as infringing [because] the defendants took steps to interfere with the plaintiff's business by enlisting a third party to take action against the plaintiff." *Id.* at 887. The "third party" was the trade show manager, who had been asked (and refused) to remove the offending exhibit. Thus a single commercial-type contact with the forum, plus an accusatory letter to the plaintiff in the forum, was deemed sufficient.

Analogy is also seen in *Akro Corp. v. Luker*, 45 F.3d 1541 (Fed.Cir.1995), where Luker, a resident of California, sent infringement warning letters to Akro's corporate residence in Ohio. This court concluded that "all Luker's warning letters were, for purposes of our due process inquiry, directed to Akro in Ohio," *id.* at 1546, and held that the letters, plus Luker's commercial activities conducted through distributors in Ohio, sufficed to support personal jurisdiction in Ohio

"[b]ecause Luker purposefully directed activities regarding the [patent at issue] toward residents of Ohio, those activities are related to Akro's cause of action, and Luker failed to demonstrate that jurisdiction over him would be unconstitutionally unreasonable." *Id.* at 1549.

All considerations must be weighed, not in isolation, but together, in deciding whether the forum can, and should, entertain the suit. Thus Aten International's commercial activity in the forum is highly relevant:

(2) Aten International's contacts with the Alabama forum include sale of Aten's products through distributors and at retail in Alabama

My colleagues are mistaken in their statement that "the plaintiffs failed to allege that the Taiwanese company purposefully directed any activities beyond merely sending notice letters at residents of the forum", maj. op. at 1326, and in their ruling that the commercial activity of a non-resident company in the forum is always irrelevant to personal jurisdiction. Aten International products are sold in the Best Buy and CompUSA stores in Huntsville and in Birmingham, which is also in the Northern District of Alabama. Declaration of Joseph Hallman ¶ 5 (Jul. 19, 2007); Declaration of Michael R. Casey ¶ 4 (Jul. 20, 2007). In *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297-98, 100 S.Ct. 559, 62 L.Ed.2d 490 (1980) the Court explained that "the forum State does not exceed its powers under the Due Process Clause if it asserts personal jurisdiction over a

corporation that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State." It is not disputed that Aten International has placed its products into the stream of commerce including retail stores in Alabama. It is relevant that Aten International is a foreign company, whose commercial operations in the United States are apparently conducted only through subsidiaries and distributors—although, as I shall discuss, Aten International litigates its patents in its own name in United States tribunals.

The facts of this case are similar to those in *Viam, supra*, where this court held that the Central District of California had personal jurisdiction of the two non-resident defendants: the Italian corporation SPAL, and SPAL's United States distributor Iowa Export-Import. The defendants' only activity involving California was the sale of goods made in Italy by SPAL and on which SPAL had a United States patent. SPAL's Iowa-based distributor wrote to Viam Corporation in California, stating that Viam's product infringes SPAL's patent. On receiving the letter, Viam filed a declaratory judgment action in the Central District of California.

This court, reversing the district court's dismissal for lack of personal jurisdiction, held that the sale of SPAL's products in California, plus the letter to Viam in California, established that "SPAL purposefully directed its activities at the forum State, and Iowa Export, acting as SPAL's agent, purposefully initiated the interaction with Viam that resulted in the instant suit." 84 F.3d at

429. The court held that: "There is sufficient connection between [the non-resident patent owner's and its distributor's] activity and the litigation to satisfy [the minimum contacts] prong of the *International Shoe* Due Process test," *id.*, and explained that " '[m]inimum contacts' is understood to require that a defendant has 'purposefully availed himself of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws' ", *id.* at 428 (quoting *Hanson v. Denckla*, 357 U.S. 235, 253, 78 S.Ct. 1228, 'L.Ed.2d 1283 (1958)). This court held that "allowing the forum to exercise jurisdiction cannot be said to be unfair." *Id.* at 430.

The analogy is direct: both Aten International and SPAL are foreign owners of United States patents who do business in the forum through United States entities, and who caused letters to be sent to the asserted infringer at its principal place of business, which was the forum in which the recipient filed suit. This court's holding that SPAL is subject to personal jurisdiction in California requires the same result here. Precedent is that when the patentee's products reach the forum through the stream of commerce initiated by the patentee, this contact, together with letters directed to the accused infringer in the forum, are sufficient to support personal jurisdiction of the patentee in the forum. This is the holding in *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1572 (Fed.Cir.1994), where this court explained that a non-resident manufacturer may be subject to personal jurisdiction based on the manufacturer's placement of

infringing goods into the stream of commerce with the reasonable expectation that they would reach that forum.

In direct affront to these general rules of precedent, the panel majority holds that sales of Aten International products in Alabama stores, whether or not the products are covered by the patents in dispute, cannot be considered in establishing "minimum contacts" with the forum, for the majority opinion states: "We hold that such sales do not constitute such 'other activities' as will support a claim of specific personal jurisdiction over a defendant patentee." Maj. op at 1336. This holding is contrary to this court's own precedent and that of the Supreme Court. The panel majority postulates that Aten International does not know that its goods are being sold in the Best Buy and other stores in Huntsville and Birmingham, Alabama, and concludes that Avocent must prove that knowledge at this pleading stage. My colleagues refer to Aten International's representation that its business is done in the United States through its subsidiaries and distributors, and rule that "Avocent's complaint is fatally deficient [because it] does not explicitly identify Aten Technologies or IOGEAR or explain the relationship between these corporate entities." Maj. op. at 1338. My colleagues ignore that the sole listed owner of the patents is Aten International of Taiwan, and the products on sale in Alabama are marked as manufactured by Aten International, thus prima facie placing Aten International atop the chain of commerce. Indeed, Aten International is the plaintiff in infringement suits being prosecuted in Texas and

California on these same patents. At the pleading stage, without discovery, Avocent cannot be charged with a "fatally defective" complaint simply because it has not shown the detailed relationship between the parent corporation and its United States affiliates.

(3) Aten International's contacts with Avocent's customers are the focus of the commercial tort counts under Alabama law

Aten International not only informed Avocent in Alabama that its products infringe an Aten International patent, but also contacted Avocent's customer Amazon.com and suggested that it "discontinue selling the [accused Avocent] products." Declaration of Christopher Thomas ¶ 8 (Jul. 13, 2007). The letter to Amazon.com is from the VP of Operations/ General Counsel of IOGEAR in Hubble, California, identifying the Aten International '112 patent here in suit.

Counts Three and Four of Avocent's Complaint state that Aten International attempted to "dissuade and/or deter Avocent's customers and potential customers from buying Avocent's SwitchView products," that Aten International intentionally interfered with Avocent's business and/or contractual relations, and that Aten International's "false and misleading statements about the nature, characteristics, and/or qualities of Avocent's SwitchView products" caused injury to Avocent including "lost revenue, lost business opportunity, and damages to its reputation and that of its products." Complaint ¶¶ 20-23, 25-27 (Apr. 6, 2007).

It is not disputed that the products of Aten International and Avocent are in competition. Competitive relationships are of significance to the commercial tort and unfair competition counts. Avocent describes Aten International's actions as "intentionally directed at a[n] [Alabama] resident," and cites *Calder v. Jones*, 465 U.S. 783, 789, 104 S.Ct. 1482, 79 L.Ed.2d 804 (1984), where the Court held the non-resident defendants subject to personal jurisdiction in California in a libel suit brought by a California resident, since the defendants' "intentional, and allegedly tortious, actions were expressly aimed at California" for the injury to the plaintiff was felt in California. In *Calder* the defendants had no contacts with California other than phone calls and occasional visits, but the Court held that "jurisdiction over [the Florida residents] in California is proper because of their intentional conduct in Florida calculated to cause injury to [plaintiff] in California." *Id.* at 789, 104 S.Ct. 1482. The Court explained: "An individual injured in California need not go to Florida to seek redress from persons who, though remaining in Florida, knowingly cause the injury in California." *Id.* at 790, 104 S.Ct. 1482. Similarly, the alleged injuries to Avocent were felt in Alabama as a result of Aten International's contacts with Avocent's customers, analogous to the patentee's "intent that the third party take action directly against [the plaintiff's] business interest." *Campbell Pet*, 542 F.3d at 887.

In general, the courts tend to allow personal jurisdiction when the injury to the plaintiff has been manifested in the forum, and when fairness is not

compromised thereby. *See, e.g., Dudnikov v. Chalk & Vermilion Fine Arts, Inc.*, 514 F.3d 1063 (10th Cir.2008) (personal jurisdiction allowed in Colorado over California defendants because the defendants' conduct in California caused injury to plaintiff in Colorado); *Bancroft & Masters, Inc. v. Augusta Nat'l, Inc.*, 223 F.3d 1082, 1088 (9th Cir.2000) (personal jurisdiction allowed in California over Georgia defendants because of the defendants' "individualized targeting" against the California entity).

The commercial tort counts, which arise under Alabama law, provide additional support for the exercise of jurisdiction in the Alabama forum.

(4) Avocent's manufacture of the accused infringing products is conducted in Alabama

Avocent states that the products referred to in Aten International's letter are Avocent's SwitchView line of KVM switches (*K* for keyboard, *V* for video display, *M* for mouse), which are manufactured in Huntsville, Alabama. Infringement is a compulsory counterclaim for the declaratory judgment action, and Avocent states that the witnesses and evidence with respect to the charge of infringement are centered in Alabama.

Alabama is a focal point for harm to Avocent, should Avocent succeed in its challenge to Aten International's actions directed at Avocent and Avocent's customers. Similarly, Alabama is a focal point for Aten International's proofs of infringement and damages,

should Aten International succeed in its charges. No other forum, even if such were available, appears to be superior for resolution of this dispute.

(5) Aten International has brought infringement suits in other United States tribunals on the same patent on which it wrote to Avocent in Alabama

Aten International has initiated litigation against several other United States companies for infringement of the same patent about which it notified Avocent and Avocent's customers. Infringement suits have been filed by Aten International in the Eastern District of Texas and the Northern District of California, and Aten International and its U.S. subsidiary Aten Technology filed a complaint with the International Trade Commission. These actions dissipate any possible unfairness in subjecting Aten International to the jurisdiction of a United States tribunal far from home, for it is apparent that Aten International is not unwilling to invoke the United States tribunals for enforcing its patents.

As this court stated in *Viam*, 84 F.3d at 429, it cannot have been contemplated that a foreign patentee who is participating in the United States market can rely on and enforce its patents against its competitors and the competitors' customers, yet avoid personal jurisdiction as a defendant. Although I note that Aten International alternatively requested transfer to the Western District of Washington, the district court did not so transfer, perhaps out of uncertainty as to whether there would

be any better personal jurisdiction in Washington than in Alabama. *See* 28 U.S.C. § 1631 (when the "court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action . . . to any other such court in which the action . . . could have been brought at the time it was filed or noticed").

The panel majority states that it would make a difference if Aten International had brought its infringement suits against third parties in the Alabama forum, instead of in Texas and California, apparently on the theory that Aten International would thereby have subjected itself to the jurisdiction of an Alabama court. Perhaps it would add to the contacts with Alabama. However, my reason for referring to Aten International's other litigation is to show that Aten International, although a corporation of Taiwan, is not a stranger to litigation in the United States, and is invoking judicial assistance in enforcing its patent rights—whereas, according to the panel majority, there is no tribunal in which Avocent can seek full relief under its complaint against Aten International. The concern is Due Process of law, not hypertechnical avoidance of the processes of the law.

The purpose of the declaratory action is to permit an accused party to clear the air of potential liability, by bringing its accuser to court. The accuser Aten International is the owner of the patents in suit, and is the only potential defendant in this declaratory action. In *Viam* the foreign patent owner had in fact sued others in the California forum, but this court in *Viam*

did not hold that this was the reason for accepting jurisdiction in the declaratory action. 84 F.3d at 430. As in the case at bar, the court in Viam discussed that the foreign patent owner had no place of business in the United States but did its business through an Iowa distributor. *Id.* at 429. There was no issue in that case of "state lines," maj. op. at 1339-40, and this court, in accepting that personal jurisdictions of the foreign patent owner was established, stressed the role of Due Process in enabling resolution of disputes involving foreign patent owners.

(6) There is no clear alternative forum for this complaint

The issue on this appeal is whether Aten International can be brought before the Northern District of Alabama on this complaint. The vast majority of the cases on which the panel majority relies, which insulate a "non-resident defendant" from personal jurisdiction, are cases in which there is an alternative forum in which the defendant can be reached, and in which considerations of Due Process favor the alternative forum. One of the *Burger King* factors recites the assumption that there is an alternative forum available elsewhere than in the forum in dispute. *See* 471 U.S. at 477, 105 S.Ct. 2174 (explaining that "the potential clash of the forum's law with the 'fundamental substantive social policies' of another State may be accommodated through application of the forum's choice-of-law rules"). Avocent's Complaint's counts of violation of Alabama law by "false and misleading

statements about the nature, characteristics, and/or qualities of Avocent's SwitchView products" can not, contrary to the majority's theory, be assumed to be available for resolution, as of right, in the District of Columbia under 35 U.S.C. § 293.

Aten International is a corporation of the Republic of China, with its address shown on the patents as Shijr, Taiwan. The record shows no corporate residence or formal place of business in the United States. Indeed, Aten International relies on its foreign residence as grounds for negating jurisdiction in the Alabama forum, as to not only the patent counts of the complaint, but also the counts of unfair competition and violations of Alabama commercial law. The patents in suit identify Aten International Co., Ltd. of Taiwan as the assignee. The patent owner is a necessary party to this action. Although the panel majority proposes that "they can sue in the district of DC," that is far from clear. After searching, we have found no case in which the District Court for the District of Columbia, in receiving an action "respecting the patent or rights thereunder," the words of 35 U.S.C. § 293, also adjudicated state law tort claims and unfair competition claims. Although the panel majority cites *Electronics for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1348 n. 1 (Fed.Cir.2003) as holding that "the district court would also have personal jurisdiction over defendants as to the two state law claims provided [certain circumstances are met]," that was a case in the California district court, reciting the standard rules of pendent jurisdiction in federal court. There was no issue of special section 293 and its statutory assignment of jurisdiction concerning "patent rights".

Another case cited by the panel majority is *Silent Drive, Inc. v. Strong Industries, Inc.*, 326 F.3d 1194 (Fed.Cir.2006), again bearing no relation whatsoever to jurisdiction assigned by section 293 of the Patent Act. *Silent Drive* was brought in the Iowa district court, and this court stated the standard rule of supplemental jurisdiction under 28 U.S.C. § 1367(a) when the issues arise from the "same case or controversy." *Id.* at 1206. The only cited case that relates to section 293 is *Oetiker v. Jurid Werke, G.m.b.H*, 556 F.2d 1 (D.C.Cir.1977), where the court did not invoke pendent personal jurisdiction of state law claims for there were no state law claims at issue. Instead, the court explicitly said that "the district court may have discretion to dismiss the pendent claims", even though they were claims under federal law, specifically, a *Walker Process* [*Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172, 86 S.Ct. 347, 15 L.Ed.2d 247 (1965)] antitrust claim. *Id.* at 5. The D.C. Circuit also remarked that if on remand the elements of antitrust violation were established, the plaintiff "may have a claim for pendent subject-matter jurisdiction over any nonfederal claims that arise from the same 'common nucleus of operative fact', *United Mine Workers v. Gibbs*, 383 U.S. 715, 86 S.Ct. 1130, 16 L.Ed.2d 218 (1966), a matter on which we make no comment" and for which there appears to have been no issue. *Id.* at 9 n. 28. Neither the panel majority, nor I, has found a case in which the District of Columbia court has resolved state tort claims in a patent case brought to that court under section 293.

Contrary to the panel majority's hypothesis of the jurisdictional reach of the District Court of the District of Columbia, that court recently granted a foreign patentee defendant's motion to dismiss a breach of contract claim for lack of personal jurisdiction, explaining that "[m]ere reference to provisions contained in defendant's patents does not transform what is essentially a contract dispute into a dispute affecting the rights under defendant's patents." *Purdue Research Found. v. Sanofi-Synthelabo, S.A.*, 332 F.Supp.2d 63, 70 (D.D.C.2004). The district court emphasized:

> The bare fact that defendant is a nonresident patent owner does not authorize the Court to assert personal jurisdiction over defendant under Section 293 for all matters. Moreover, plaintiff's contention that defendant is attempting to "duck" jurisdiction in United States courts, even if true, does not relieve plaintiff of its burden to establish personal jurisdiction over defendant.

Id.; see, e.g., National Patent Dev. Corp. v. T.J Smith & Nephew Ltd., 877 F.2d 1003, 1010 (D.C.Cir.1989) ("35 U.S.C. § 293 authorizes the assertion of personal jurisdiction by the United States District Court for the District of Columbia over a nonresident patentee in a suit over patent ownership."); *Gianelli v. Chirkes*, 377 F.Supp.2d 49, 53 (D.D.C.2005) (dismissing the plaintiff's complaint regarding a series of patent assignment contracts for lack of subject matter jurisdiction, holding that a contract dispute does not arise under the patent

law). And the Federal Circuit has been quite stingy with supplemental and pendent jurisdiction, even under 28 U.S.C. § 1367(a), holding in *Jim Arnold Corp. v. Hydrotech Systems, Inc.*, 109 F.3d 1567 (Fed.Cir.1997) that "if the patentee pleads a cause of action based on rights created by a contract, or on the common law of torts, the case is not one 'arising under' the patent laws." *Id.* at 1572. And in all events, the district court retains significant discretion. *See, e.g., Conopco, Inc. v. May Dept' Stores Co.*, 46 F.3d 1556, 1571 (Fed.Cir.1994) ("The determination of whether to exercise pendent jurisdiction is a matter within the district court's discretion."). It is at best speculative whether Avocent could prosecute and obtain relief, if such is warranted, on all counts of its complaint in the District of Columbia. Due process and fairness are not served by enforcing a forum that neither party requested, and where only part of the dispute can reliably be adjudicated; at least when there is an alternative forum not subject to that disability.

Thus, although I assume that for the patent validity and infringement issues there is statutory jurisdiction in the District of Columbia, that is an inadequate reason to foreclose jurisdiction elsewhere on the facts that here exist. *Compare Financial Gen. Bankshares, Inc. v. Metzger*, 680 F.2d 768, 771, 778 (D.C.Cir.1982) (holding that the district court abused its discretion in exercising pendent jurisdiction over a state breach of fiduciary duty claim related to a federal securities law claim because the resolution involved "novel and unsettled issues of District of Columbia law"), *with Network Project v.*

Corporation for Pub. Broadcasting, 561 F.2d 963, 968 (D.C.Cir.1977) (holding that the district court abused its discretion for failure to exercise pendent jurisdiction over the constitutional claims related to the primary statutory claim); *see also Minebea Co., Ltd. v. Papst*, 13 F.Supp.2d 35, 41 (D.D.C.1998) (in a declaratory action filed by a patent licensee, the court exercised supplemental jurisdiction over plaintiffs' fraud, contract, fiduciary, and conversion claims but declined to exercise jurisdiction over the claims of intentional interference with contractual relations and intentional interference with business relations).

Transfer to the District of Columbia was not proposed by either party. In *Burger King* the Court emphasized that "where a defendant who purposefully has directed his activities at forum residents seeks to defeat jurisdiction, he must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable." 471 U.S. at 477, 105 S.Ct. 2174. No such compelling case has been presented.

(7) Due process and fairness

The plaintiff's traditional right to choose the forum is tempered by the defendant's right to defend in a reasonably accessible forum. In *Cheney v. U.S. District Court for the District of Columbia*, 542 U.S. 367, 370, 124 S.Ct. 2576, 159 L.Ed.2d 459 (2004) the Court explained that the district court has a constitutional responsibility to resolve cases and controversies within its jurisdiction. In turn, the question of personal

jurisdiction requires an overview of all the circumstances that affect the particular case, including recognition of the right of residents of the forum to seek its jurisdiction, in light of factors that include the availability of alternative forums. However, fairness must also be considered in respect of jurisdiction of a foreign patentee. *See Viam*, 84 F.3d at 429 (emphasizing that "fair play and substantial justice" are important considerations in personal jurisdiction); *Akro*, 45 F.3d at 1545 ("An additional fairness inquiry rounds out the determination whether personal jurisdiction can be exercised in a given case consistent with the Due Process Clause.").

Avocent argues that Alabama is the only forum in which all of its concerns can be resolved. Aten International does not argue that it is unfair to impose the Alabama forum; Aten International argues simply that there is not personal jurisdiction. For the combination of reasons I have set forth, it is apparent that subjecting Aten International to the Alabama forum's jurisdiction would be neither unreasonable nor unfair. It is shown that Aten International's contacts with the Alabama forum are not "random, fortuitous, or attenuated", *Burger King*, 471 U.S. at 475, 105 S.Ct. 2174, but the normal course of regular business through established distribution to and sales by retailers in the forum. Nor is this the mere "circulation of an article", as in *Calder*, 465 U.S. at 789, 104 S.Ct. 1482. Aten International has been shown to have not only "continuous and systematic general business contacts," *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466

U.S. 408, 415-16, 104 S.Ct. 1868, 80 L.Ed.2d 404 (1984), but also has "purposefully directed [its] activities at residents of the forum", *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 774, 104 S.Ct. 1473, 79 L.Ed.2d 790 (1984).

This case is not an abstruse attack on a distant manufacturer, as the panel majority suggests. In *Beverly Hills Fan*, 21 F.3d at 1568-69, this court explained that fair play and substantial justice favor the exercise of personal jurisdiction over the out-of-state defendants, where "the burden on [the defendants], ... is not sufficiently compelling to outweigh [the plaintiff's] and Virginia's interests" in resolving the dispute. The panel majority's holding that "the sale of defendant's products—whether covered by the patent in suit or not—is not sufficient to establish specific personal jurisdiction," maj. op. at 1338, not only contravenes precedent, but ignores all of the other factors that contribute to the relationship among plaintiff, defendant, and the forum.

Although there may indeed be circumstances in which a foreign company should properly be permitted to avoid process, here the foreign company owns United States patents, is conducting business in the United states through its United States companies and distributors, is obtaining the benefits of commerce in the United States, is threatening its United States competitors with liability, is disparaging and interfering with the business of its United States competitors in United States commerce, and is itself invoking the

power of United States courts to enforce its United States patents, the same patents that Avocent is here attempting to challenge. The majority's authority is on quite different facts, and in the rare case in which the facts are similar, as in *Viam*, 84 F.3d at 430, jurisdiction of the foreign company was found.

In sum, I would hold that personal jurisdiction lies in the Alabama forum. From my colleagues' contrary holding, I respectfully dissent.

APPENDIX B — MEMORANDUM OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ALABAMA, NORTHEASTERN DIVISION FILED AUGUST 30, 2007

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
NORTHEASTERN DIVISION

Civil Action No. CV-07-S-625-NE

AVOCENT HUNTSVILLE CORP., ET AL.,

Plaintiffs,

vs.

ATEN INTERNATIONAL CO., LTD.,

Defendant.

MEMORANDUM OPINION AND ORDER

This matter is before the court on defendant's motion to dismiss, or in the alternative, motion to transfer venue (doc. no. 14) and defendant's motion for leave to file a reply to plaintiff's sur-reply (doc. no. 23). Plaintiffs have filed a response;[1] defendant has filed a reply;[2] and plaintiffs have filed a sur-reply.[3]

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1. *See* doc. no. 16.

2. *See* doc. no. 19.

3. *See* doc. no. 22.

Appendix B

I. FACTUAL BACKGROUND

Plaintiff Avocent Huntsville is an Alabama corporation having its principal place of business in Huntsville, Alabama. Plaintiff Avocent Redmond is a Washington corporation having its principle place of business in Redmond, Washington.[4] Both Avocent Huntsville and Avocent Redmond are subsidiaries of Avocent Corporation, a Delaware corporation which is located in Huntsville, Alabama.[5] Avocent Corporation develops and markets computer hardware devices and systems, including systems that enable workstations to communicate with remote computers.[6]

Defendant ATEN International Co., Ltd. ("ATEN") is a corporation existing under the laws of Taiwan, Republic of China, with its principal place of business in Taipei, Taiwan.[7] ATEN does not have any offices or employees in the State of Alabama, and has never conducted business in the State of Alabama.[8] No employee of ATEN has ever visited the State of Alabama for any business purpose.[9] All of ATEN's employees who are knowledgeable about the research and development

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4. *See* doc. no. 1 at 2.

5. *See* doc. no. 16 at 4.

6. *See* doc. no. 1 at 2.

7. *See* doc. no. 18, Lin Declaration at 2.

8. *See* doc. no. 18, Lin Declaration at 2.

9. *See id.*

of ATEN products and of the inventions claimed in the patents-in-suit are located in Taiwan.[10]

ATEN's counsel sent a letter on May 28, 2004 to Mr. John Cooper, CEO and President of Avocent Corporation, that stated in its entirety:

> Pursuant to Section 154(d) of the U. S. Patent Act, please be advised that the U.S. Patent Office has published a patent application owned by our client ATEN Technology, Inc. A copy of the published patent application is attached. We suggest that you review the claims as we believe they are relevant to a product your company is making, using, selling, offering to sell and/or importing.
>
> If you have any questions, please feel free to contact the undersigned.[11]

ATEN wrote a letter to Amazon on April 27, 2006, informing it of the issuance of the '112 Patent, and stating in pertinent part:

> In light of this development, it has come to our attention that Amazon is purchasing, using, offering to sell, selling and/or importing the following products that may be covered

10. *See id.*

11. Doc. no. 16, Exh. 3.

> by one or more claims of the '112 Patent. A copy of the '112 Patent is enclosed hereto for your reference, Below is a partial list of potentially infringing products sold by Amazon:
>
> . . .
>
> Avocent - SVM200
>
> . . .
>
> Please be assured that ATEN greatly appreciates business with Amazon. To that end, we invite you to study the '112 Patent and evaluate the benefits of initiating a discussion with ATEN/IOGEAR for the purchase of the cable KVM product line. Further, in the interest of protecting our valuable intellectual property, we ask you to discontinue selling the above referenced products.[12]

Avocent Redmond brought suit against ATEN and others in the Western District of Washington in November 2006, alleging that ATEN's keyboard-video-mouse ("KVM") switches infringe three Avocent Redmond patents that are not at issue in the instant action. As follow-up to a settlement discussion in the Washington matter, counsel for ATEN sent a letter to

12. Doc. no. 16, Exh. 2.

counsel for Avocent Redmond on March 15, 2007, stating:

> At the settlement meeting, ATEN brought to Avocent's attention two of ATEN's patents Avocent is infringing. ATEN would like to resolve all outstanding disputes and avoid any further litigation between the parties.
>
> One of the patents ATEN identified is . . . U.S. Patent No. 6,957,287 ("the '287 Patent") . . .
>
> Another patent ATEN identified is U.S. Patent No. 7,035,112 ("the '112 Patent") . . . [13]

Plaintiffs filed this action for unfair competition, intentional interference with business relations, and a declaratory judgment of non-infringement and invalidity of U. S. Patent No. 6,957,287 ("the '287 Patent"), and U.S. Patent No. 7,035,112 ("the '112 Patent") against ATEN on April 6, 2007.

Defendant moves to dismiss the entire action for lack of personal jurisdiction. Alternatively defendant moves to dismiss Count III and IV for failure to state a claim and moves to dismiss Counts I and II for lack of subject matter jurisdiction. Further, and in the alternative,

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13. Doc. no. 16, Thomas Decl., Exh. 1. The letter also states "[a]t least Avocent's SwitchView line of products infringes the '287 patent" and "[a]t least Avocent's SwitchView IC KVM switch products infringe the '112 patent". *Id.*

defendant moves to transfer this case to the Western District of Washington where Avocent Redmond has sued ATEN for Patent infringement.

II. DISCUSSION

Federal district courts are tribunals of limited jurisdiction, "'empowered to hear only those cases within the judicial power of the United States as defined by Article III of the Constitution,' and which have been entrusted to them by a jurisdictional grant authorized by Congress." *University of South Alabama v. The American Tobacco Co.*, 168 F.3d 405, 409 (11th Cir. 1999) (quoting *Taylor v. Appleton*, 30 F.3d 1365, 1367 (11th Cir. 1994)). "'Personal jurisdiction . . . is an essential element of the jurisdiction of a district . . . court, without which the court is powerless to proceed to an adjudication.'" *Mercantile Capital, LP v. Federal Transtel, Inc.*, 193 F. Supp. 2d 1243, 1247 (N.D. Ala. 2002) (quoting *Ruhrgas AG v. Marathon Oil Co.*, 526 U.S. 574, 584 (1999) (in turn quoting *Employers Reinsurance Corp. v. Bryant*, 299 U.S. 374, 382 (1937)).

When a district court's jurisdiction is at issue, and an evidentiary hearing has not been held,

> [t]he plaintiff bears the initial burden of alleging personal jurisdiction by pleading sufficient material facts to establish the basis for exercise of such jurisdiction. *Future Technology Today, Inc. v. OSF Healthcare Systems*, 218 F.3d 1247, 1249 (11th Cir. 2000).

> If the plaintiff has done so, the burden shifts to the defendant to make a prima facie evidentiary showing, by affidavits or otherwise, that personal jurisdiction is not present. *Id.* If the defendant sustains that responsibility, *the plaintiff is then required to substantiate the jurisdictional allegations in the complaint by affidavits or other competent proof, and he may not merely reiterate the factual allegations in the complaint. Id.* However, the allegations in the complaint still must be taken as true to the extent they are uncontroverted by the defendant's affidavits. *S & Davis Intern., Inc. v. The Republic of Yemen*, 218 F.3d 1292, 1303 (11th Cir. 2000). And if the parties present conflicting evidence, all factual disputes are resolved in the plaintiff's favor, and the plaintiff's prima facie showing will be sufficient to survive the motion to dismiss notwithstanding the contrary presentation by the moving party. *Id.*

Mercantile Capital, 193 F. Supp. 2d at 1247 (emphasis supplied).

Further, "[p]ersonal jurisdiction may be *general*, which arise [sic] from the party's contacts with the forum state that are unrelated to the claim, or *specific*, which arise [sic] from the party's contacts with the forum state that *are* related to the claim." *Nippon Credit Bank, Ltd. v. Matthews*, 291 F.3d 738, 747 (11th Cir. 2002) (citing *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466

U.S. 408, 415 n.9 (1984); *Madara v. Hall,* 916 F.2d 1510, 1516 n.7 (11th Cir. 1990)) (emphasis supplied).

A. Specific Jurisdiction

Specific jurisdiction arises from the activities of an out-of-state defendant in the forum state that *are related* to the plaintiffs' cause of action. The specific jurisdiction analysis implicates due process "minimum contacts" principles. *See International Shoe v. Washington,* 326 U.S. 310, 316 (1945).

The determination of whether sufficient minimum contacts exist to satisfy the Due Process Clause of the Fourteenth Amendment also is a two-part inquiry. "First, we must decide whether each defendant has established 'minimum contacts' with [the forum state]. Second, we must determine whether the exercise of personal jurisdiction would offend 'traditional notions of fair play and substantial justice.'" *Robinson v. Giarmarco & Bill, P.C.,* 74 F.3d 253, 258 (citations and some quotation marks omitted).

The Eleventh Circuit has adopted a three-part test to determine if minimum contacts are present:

> First, the contacts must be related to the plaintiff's cause of action or have given rise to it. Second, the contacts must involve "some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum . . . , thus invoking the

> benefits and protections of its laws." Third, the defendant's contacts with the forum must be "such that [the defendant] should reasonably anticipate being haled into court there," *Vermeulen [v. Renault, USA., Inc.*, 965 F.2d 1014, 1016 (11th Cir. 1992), *modified and superseded by*, 985 F.2d 1534 (11th Cir.), *cert. denied*, 508 U.S. 907 (1993)]. The availability of specific jurisdiction depends on the relationship among the defendant, the forum, and the litigation. *Borg-Warner Acceptance Corp. v. Lovett & Tharpe, Inc.*, 786 F.2d 1055, 1057 (11th Cir. 1986).

Francosteel Corp. v. M/V Charm, 19 F.3d 624, 627 (11th Cir. 1994). In summary, when a nonresident person (or entity) purposefully avails himself (or itself) of the laws of the forum state, courts sitting within that state are entitled to assert specific jurisdiction over that party.

Plaintiffs assert that this court has specific personal jurisdiction over ATEN because of three letters; (I) the letter of May 28, 2004 to Mr. John Cooper, CEO and President of Avocent Corporation, notifying him of a Patent application; (ii) the April 27, 2006 letter from ATEN to Amazon on April 27, 2006, informing it of the issuance of the '112 Patent; and (iii) the March 15, 2007 letter from ATEN's counsel sent to counsel for Avocent Redmond informing counsel after a settlement meeting on the Washington case that Avocent was infringing two of ATEN's patents (the '112 Patent and the '287 Patent involved in the instant case). Plaintiffs argue that ATEN

purposefully directed its infringement allegations, and the resulting harm at Avocent in Huntsville, and therefore either knew, or should have known, that the harm from the allegations would be felt in Alabama. Plaintiffs cite *Calder v. Jones*, 465 U.S. 783, 790 (1984), in support of this argument.

In *Calder*, the Supreme Court held that a California court could exercise jurisdiction over two Florida petitioners who allegedly published a libelous article about a California resident. Even though petitioners' contacts with California that were unrelated to the action were minimal, the Court found that jurisdiction by the California court was appropriate because the petitioners were the "primary participants in an alleged wrongdoing intentionally directed at a California resident." *Id.* at 790. Petitioners knew that the brunt of their alleged conduct would be felt by respondent in her own state and, "[u]nder the circumstances, petitioners must reasonably anticipate being haled into court there." *Id.* at 789.

Defendant contends, on the other hand, that *Red Wing Shoe Co., Inc. v. Hockerson-Halberstadt*, 148 F.3d 1355, 1360 (Fed. Cir. 1998), governs the outcome. In *Red Wing Shoe*, the defendant sent three letters to Red Wing in Minnesota, charging the company with infringement of patents that were the subject of the action. The Federal Circuit found that under the second part of the Due Process/minimum contacts inquiry, a patentee does not subject itself to personal jurisdiction in a forum solely by informing a party in that forum of

suspected infringement. *See id.* at 1360-61. "Grounding personal jurisdiction on such contacts alone would not comport with principles of fairness." *Id.* at 1361. In reaching its decision, the Federal Circuit distinguished a prior case, *Akro Corp. v. Luker*, 45 F.3d 1541 (Fed. Cir. 1995), where specific jurisdiction was found to exist.

> [T]he declaratory judgment action in *Akro* also was precipitated by a cease-and-desist letter sent into the forum state and subsequent negotiations for settlement. *See Akro*, 45 F.3d at 1542. Nevertheless, in that case, this court held that the patentee was constitutionally amenable to suit in the forum state, finding "specific jurisdiction" *because the patentee had substantial contacts with an exclusive licensee who was incorporated and had its principal place of business there.* *See id.* at 1543.

Red Wing Shoe, 148 F.3d at 1362 (emphasis supplied).

No such license, exclusive or otherwise, is involved in the instant case. Moreover, the contacts with the forum (Alabama) are much less than that involved in *Red Wing Shoe*. The court easily concludes that ATEN did not purposefully submit itself to jurisdiction in Alabama by sending the three letters listed above.

Because the court finds defendant does not have minimum contacts with Alabama, the court need not address the second prong of the due process analysis:

i.e., whether the exercise of personal jurisdiction over defendant in an Alabama court would offend "traditional notions of fair play and substantial justice." *Robinson*, 74 F.3d at 258.

B. General Jurisdiction

"The due process requirements for general personal jurisdiction are more stringent than for specific personal jurisdiction, and require a showing of continuous and systematic general business contacts between the defendant and the forum state." *Consolidated Development Corp. v. Sherritt, Inc.*, 216 F.3d 1286, 1292 (11th Cir. 2000); *see also Helicopteros*, 466 U.S. at 414. Plaintiffs assert a stream of commerce theory to support their assertion of general personal jurisdiction.[14]

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14. The court notes at the outset a division of authority and confusion concerning whether a "stream of commerce plus" test applies in an analysis of general jurisdiction. "Stream of commerce plus" refers to Justice O'Connor's plurality opinion in *Asahi Metal Industry Co., Ltd. v. Superior Court of California, Solano County*, 480 U.S. 102 (1987), in which she suggested that placement of a product into the stream of commerce *plus* additional conduct indicating an intent or purpose to serve the market in the forum state would suffice to constitute purposeful availment. *See id.* at 1032. Examples of such additional conduct include: "designing the product for the market in the forum State, advertising in the forum State, establishing channels for providing regular advice to customers in the forum State, or marketing the product through a distributor who has agreed to serve as the sales agent in the forum State." *Id.* Alabama and the Eleventh Circuit appear to apply a "stream of commerce

(Cont'd)

Plaintiffs point to the U.S. version of ATEN's website that contains a page called "Clearance Center."[15] Plaintiffs attach the declaration of an Avocent employee who states he recently purchased an ATEN product off of the Clearance Center web page from his Huntsville office.[16] It is not clear whether the product purchased or the products available on this web page have any relation to the patents at issue in this declaratory judgment action. Avocent's employee also states that

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(Cont'd)

plus" test. *See Madara v. Hall*, 916 F.2d 1510 (11th Cir. 1990) and *Ex Prate Alloy Wheels International Ltd.*, 882 So. 2d 819 (Ala. 2003). *Accord Boit v. Gar-Tec Products, Inc.*, 967 F.2d 671, 683 (1st Cir. 1992); *Lesnick v. Hollingsworth & Vose Co.*, 35 F.3d 939, 945-46 (4th Cir. 1994); *Bridgeport Music, Inc. v. Still N the Water Publ'g*, 327 F.3d 472, 479-80 (6th Cir. 2003). *But see Vermeulen v. Renault, U.S.A., Inc.*, 985 F.2d 1534, 1548 (11th Cir. 1993) (indicating the Eleventh Circuit had not decided the issue).

Other circuits employ the "stream of commerce" approach from Justice Brennan's plurality opinion, finding that a defendant that places products into the stream of commerce and is aware that the products may be sold in the forum state has purposefully availed itself of the benefits of that state's laws. *See Ruston Gas Turbines, Inc. v. Donaldson, Co.*, 9 F.3d 415, 420 (5th Cir. 1993); *Dehmlow v. Austin Fireworks*, 963 F.2d 941, 947 (7th Cir. 1992); *Barone v. Rich Brothers Interstate Display Fireworks, Co.*, 25 F.3d 610, 613-15 (8th Cir. 1994). Under either test, the result in the present action will be the same under the facts presented.

15. *See* doc. no. 16 at 9.

16. *See id.*, Hallman Decl.

he went to a Best Buy store in Huntsville, Alabama, and saw that Best Buy was selling at least two different models of ATEN's KVM switches.[17] Again, it is not clear whether these KVM switches are the ones with patents involved in the Washington action, the instant action, or neither.

ATEN's website lists five different distributors of ATEN products, including three that sell in the United States.[18] IOGEAR's website shows that ATEN/IOGEAR sells its products through almost forty resellers that appear to cover the entire United States, and many of IOGEAR's resellers are internet resellers.[19] At least two of the resellers, CompUSA and Best Buy, identify on their respective web sites that ATEN's IOGEAR brand products are for sale in Alabama. Finally, plaintiffs point out that ATEN's products are available for sale in Alabama through the GSA schedule.[20]

ATEN counters that the mere fact that ATEN may do business with businesses that do business in Alabama is not enough to establish the "substantial, continuous and systematic contact" necessary to meet the more stringent standard for general personal jurisdiction.[21]

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17. *See id.*

18. *See* doc. no. 16 at 10.

19. *See id.*

20. *See* doc. no. 16 at 11.

21. *See* doc. no. 19 at 8.

Appendix B

The most instructive case, cited by plaintiffs, is *Viam Corporation v. Iowa Export-Import Trading Co.*, 84 F.3d 424 (Fed. Cir. 1996). That case also was a declaratory judgment action in which Viam, the purported infringer, sued the exclusive distributor of an Italian company for a declaration of non-infringement and invalidity of the Italian company's patent. The court found personal jurisdiction over defendants in a California court because evidence established "a regular chain of distribution from [the Italian company] through [its exclusive distributor] to various markets in the United States." 84 F.3d at 429. The Italian company specifically assisted the exclusive distributor with advertising in California.

> Furthermore, [the Italian company] did not simply place its product into the stream of commerce. [It] knowingly and intentionally exploited the California market through its exclusive distributor's advertising in California, and by establishing channels for providing regular advice in California. [The exclusive distributor] advertised and sold, and is presently advertising and selling [the Italian company's] products, including the subject of the '386 patent," in California . . . and provided . . . numerous sales aids which [it] knew would be used in California for welling [its] products there.

84 F.3d at 429. These substantial contacts with the forum are distinct from the circumstances of the present

case. No similar systematic and continuous contact by ATEN with Alabama has been shown by plaintiffs. Accordingly, general personal jurisdiction over ATEN does not exist.

IV. CONCLUSION

Based on the foregoing, it is ordered that defendant's motion to dismiss is GRANTED, and this action is dismissed without prejudice for lack of personal jurisdiction. Defendant's motion for leave to file a reply to plaintiff's sur-reply is DENIED AS MOOT. The clerk is directed to close this file.

DONE this 30th day of August, 2007.

s/ Lynwood Smith
United States District Judge

APPENDIX C — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT DENYING PETITION FOR REHEARING DATED FEBRUARY 26, 2009

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ORDER

A petition for rehearing en banc having been filed by the Appellants, and a response thereto having been invited by the court and filed by the Appellee, and the matter having first been referred as a petition for rehearing to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on March 5, 2009.

FOR THE COURT,

s/ Jan Horbaly
Jan Horbaly
Clerk

Dated: 02/26/2009

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No. 08-1258

Supreme Court, U.S.
FILED
MAY 13 2009
OFFICE OF THE CLERK

IN THE
Supreme Court of the United States

AVOCENT HUNTSVILLE CORP. AND
AVOCENT REDMOND CORP.,

Petitioners,

v.

ATEN INTERNATIONAL CO., LTD.,

Respondent.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Of Counsel:
SCOTT A. HERBST
MING-TAO YANG
FINNEGAN, HENDERSON,
FARABOW, GARRETT &
DUNNER, L.L.P.
3300 Hillview Avenue
Palo Alto, CA 94304-1203
(650) 849-6600

E. ROBERT YOCHES
Counsel of Record
FINNEGAN, HENDERSON,
FARABOW, GARRETT &
DUNNER, L.L.P.
901 New York Avenue, NW
Washington, DC 20001-4413
(202) 408-4000

May 13, 2009

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of the rules of this Court, Respondent ATEN International Co., Ltd. states that no parent or any publicly held company owns 10% or more of the Respondent's stock.

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FEDERAL STATUTES

15 U.S.C. § 1125 6

I. PRELIMINARY STATEMENT

This case boils down to whether ATEN International Co., Ltd. ("ATEN"), a Taiwanese corporation, should face suit in Alabama solely because it sent a single notice letter there, and some of its products are there. Both the District Court and the Federal Circuit ruled against the exercise of personal jurisdiction because of the undisputed facts, which include that ATEN has no exclusive licensees and no established distribution channel in Alabama, and has never enforced any patent there. ATEN lacks the "minimum contacts" (in both quantity and quality) with Alabama that this Court requires for personal jurisdiction.[1] Plenary review by this Court, therefore, is simply unnecessary.

The Court should deny the petition filed by Avocent Huntsville Corp. and Avocent Redmond Corp. (collectively "Avocent" or "Petitioner") because the Federal Circuit faithfully applied this Court's precedent on personal jurisdiction to the operative facts, not the facts as Avocent wishes them to be. ATEN objects to the "questions presented" in the

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[1] ATEN does not deny that it can be sued in the United States. Indeed, ATEN has already subjected itself to the jurisdiction of the Western District of Washington (where Petitioner previously filed a patent-infringement action against ATEN), and even requested transfer of this case to that forum as an alternative to dismissal.

Petition to the extent they are infected with Avocent's factual misrepresentations.[2]

Misrepresentations aside, Avocent's petition reflects the faulty legal premise that the District Court should consider ATEN's contacts with the forum in assessing the propriety of specific jurisdiction over ATEN (a nonresident), regardless of whether the underlying suit (Petitioner's declaratory judgment action) arose out of, or was related, to those contacts. For purposes of the present litigation—in which Avocent sought a ruling that its products do not infringe ATEN's patents—ATEN's patent enforcement activities constitute the relevant contacts to support specific jurisdiction. The Federal Circuit properly considered the nature of Avocent's declaratory-judgment claim in circumscribing its "minimum contacts" analysis and in concluding that alleged commercial-sales activities of others in Alabama in selling ATEN's products there could not render ATEN amenable to specific jurisdiction in Alabama.

Avocent also argues that the notice letter ATEN sent to Amazon (in the State of Washington) should trigger jurisdiction under this Court's *Calder*

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[2] For example, contrary to Avocent's suggestions (Petition at i-ii), the Federal Circuit's decision did not (i) mandate any "mechanical" test; (ii) create any *per se* prohibition respecting infringement-threat letters; or (iii) hold that a patent owner's product-distribution channel is jurisdictionally irrelevant.

"effects" test. Not so. The nature of the notice letter differed greatly from the allegedly defamatory article in *Calder*, and ATEN did not send the letter to Washington knowing it would have a "potentially devastating impact" on Petitioner in Alabama.

Finally, Avocent conjures up a "circuit split" between the Federal Circuit on the one hand and the Ninth and the Tenth Circuits on the other with respect to jurisdiction under this Court's *Calder* "effects" test. But no such split exists. The Ninth and Tenth Circuits have found specific jurisdiction where the defendant's enforcement activities involved a third party that interfered with plaintiff's business, as has the Federal Circuit.

For the reasons set forth below, this Court should decline to issue the writ sought by Avocent.

II. FACTUAL BACKGROUND

A. ATEN Sent a Single Notice Letter to the Forum State

The only relevant purposefully-directed contact between ATEN and Alabama was a notice letter, sent to Avocent Corporation (a non-party located in Huntsville),[3] on May 28, 2004. (App. 63a).[4]

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[3] Both Avocent Huntsville and Avocent Redmond are subsidiaries of Avocent Corporation, a Delaware corporation located in Huntsville, Alabama. (App. 62a).

The letter suggested that Avocent Corporation review a published patent application (owned by ATEN Technology, Inc. ("ATEN Technology"), a subsidiary of ATEN), but no action was taken in response.

ATEN sent a second letter about two years later, on April 27, 2006, when the patent application matured into a patent. That letter was sent to Amazon, located in Washington. (App. 63a-64a; JA 470-71).[5] The letter identified over twenty "potentially infringing products" from more than fifteen different suppliers, including an "Avocent" branded product. *Id.*[6]

The letter asked Amazon to "discontinue selling the [identified] products" (*id.*), but there is no evidence that Amazon did so. Avocent's assertion that ATEN "knew that the effect of the infringement threat letter it sent Amazon.com would be felt in Alabama" (Petition at 17) has no basis. Indeed, Avocent's Petition is completely devoid of *any* supporting citations to evidence in the record.

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[4] Cites to "App. __" refer to the Appendices contained in the Petition.

[5] Cites to "JA __" refer to the Joint Appendix filed in the appeal below with the United States Court of Appeals for the Federal Circuit.

[6] That product was being manufactured by Petitioner Avocent Huntsville Corp., but ATEN did not know that at the time. (JA 488).

ATEN sent a third letter about a year later, on March 15, 2007, to Avocent Redmond's counsel. That letter, which was sent to Arlington, Virginia, expressed ATEN's desire "to resolve all outstanding disputes and avoid any further litigation between the parties." The letter referenced a previous "settlement meeting" (that took place in California) regarding the then-pending patent infringement action that Avocent Redmond had filed in the United States District Court for the Western District of Washington in November 2006. (App. 64a-65a, 4a; JA 489 at ¶13).[7] The letter identified U.S. Patent No. 7,035,112 ("the '112 patent") and U.S. Patent No. 6,957,287 ("the '287 patent") as "two of ATEN's patents Avocent [Redmond] is infringing." (JA 489-90; App. 65a, 4a).

B. The Underlying Declaratory Judgment Action Filed in Alabama

Notwithstanding ATEN's stated desire to resolve the outstanding disputes and avoid further litigation, three weeks later, on April 6, 2007, Avocent Redmond rushed to the District Court in Alabama and filed the underlying declaratory judgment action against ATEN. (App. 61a, 65a). Avocent Huntsville joined in the suit. In its suit, Avocent (i) sought a declaration that (a) Avocent's

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[7] Both ATEN and Avocent are in the business of supplying computer keyboard-video-mouse ("KVM") switches. (App. 2a).

products did not infringe either the '287 patent or the '112 patent and (b) the '287 patent and the '112 patent were invalid; and (ii) asserted claims of (a) unfair competition under the Lanham Act (15 U.S.C. § 1125) and (b) intentional interference with business relations under Alabama law. (App. 4a, 65a).

Before being sued there, ATEN's only contact with Alabama was the notice letter it sent to Avocent Corporation. The virtual absence of prior interaction between ATEN and Alabama left Avocent with little to allege in the way of jurisdictionally relevant contacts:

> Aten is subject to the personal jurisdiction of this Court. Among other things, Aten has transacted business within the State of Alabama and, more particularly, within this District. Aten has also accused Avocent of infringing the '287 and the '112 patents by selling products in this District and elsewhere.

(JA 41). ATEN, however, refuted those allegations, and Avocent submitted no evidence to the contrary. (JA 488-90).

The record shows that ATEN is incorporated and operates in Taipei, Taiwan and has no office or employee in Alabama. *Id.* It has never conducted any business, owned any real or personal property, maintained any bank account, opened any office, or

established any mailing address there. *Id.* No ATEN employee ever visited Alabama on behalf of ATEN for any business purpose related to ATEN. *Id.* It never licensed nor sought to license any patent to any Alabama companies. *Id.* Nor has ATEN enforced any patents there or threatened to do so. *Id.* In short, ATEN has no ties with Alabama at all.

Moreover, ATEN has not established a distribution channel into Alabama, nor has it made other efforts to specifically serve the Alabama market. (*See, e.g.*, JA 488). The record suggests that distributors or retailers may have obtained products from IOGEAR or ATEN Technology[8] to sell in many states, but no evidence establishes that ATEN has relationship with or controls the distributors or downstream retailers or tells them where and how to sell. (JA 340-341).

Accordingly, ATEN moved to dismiss Avocent's suit for lack of personal jurisdiction. (App. 65a). ATEN's motion sought, as alternative relief, transfer of the case to the Western District of Washington, where it was already defending another suit brought by Avocent. (App. 66a). Avocent opposed ATEN's motion, but neither requested

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[8] ATEN Technology (a subsidiary of ATEN) does business under the "IOGEAR" name.

permission to take jurisdictional discovery nor asked the court to hold a jurisdictional hearing. (App. 61a).

C. Proceedings Below

In resolving ATEN's motion, the District Court properly accepted the uncontroverted allegations in Avocent's complaint as true, resolving all factual disputes in Avocent's favor. (App. 67a). The District Court granted ATEN's motion to dismiss, concluding that (i) "ATEN did not purposefully submit itself to jurisdiction in Alabama by sending the three [notice] letters" and (ii) "general personal jurisdiction over ATEN does not exist" because "[n]o similar systematic and continuous contact by ATEN with Alabama has been shown by plaintiffs." (App. 61a-76a).

Avocent appealed. In reviewing the District Court's judgment, the Federal Circuit likewise construed "the pleading and affidavits ... in the light most favorable" to Avocent. (App. 6a-7a). A divided panel of the Federal Circuit affirmed the District Court's judgment (App. 1a- 35a (majority opinion), 36a-60a (dissent)). On February 26, 2009, the Federal Circuit denied Avocent's Petition for Rehearing *En Banc*. (App. 77a).

III. ARGUMENT

A. The Court Should Deny the Petition Because the Federal Circuit Did Not Depart from this Court's Precedent

Consistent with notions of due process, a court can properly exercise personal jurisdiction over a nonresident defendant such as ATEN "only so long as there exist 'minimum contacts' between the defendant and the forum State" and "maintenance of the suit does not offend traditional notions of fair play and substantial justice." *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 291 (1980).[9] Specific jurisdiction exists if a nonresident defendant "has 'purposefully directed' his activities at residents of the forum" and "the litigation results from the alleged injuries that 'arise out of or relate to' those activities." *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472-73 (1985) (internal citation omitted). Thus, for specific jurisdiction, the nature of the underlying litigation necessarily determines what activities may justify the exercise of personal jurisdiction.

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[9] "General" jurisdiction arises from a defendant's continuous and systematic contacts with the forum that are unrelated to the claim, whereas "specific" jurisdiction arises from contacts with the forum that are related to the claim. *See, e.g.*, *Helicopteros Nacionales de Columbia, S.A. v. Hall*, 466 U.S. 408, 414 (1984). As explained below (*see* Section III.A.2., *infra*), only specific jurisdiction is at issue at this juncture.

Consistent with this Court's precedent,[10] the Federal Circuit correctly reasoned that Avocent's underlying declaratory-judgment claim "arises out of or relates to the activities of the defendant-patentee [ATEN] in enforcing" its patents or defending their validity. Therefore, the "relevant inquiry for specific personal jurisdiction purposes then becomes to what extent has the defendant patentee 'purposefully directed [such enforcement activities] at residents of the forum,' and the extent to which the declaratory judgment claim 'arises out of or relates to those activities.'" (App. 15a-16a, 19a-22a (referring to "initiating judicial or extra-judicial patent enforcement within the forum, or entering into an exclusive license agreement or other undertaking which imposes enforcement obligations with a party residing or regularly doing business in the forum").)[11] Although activities relating to a defendant's commercialization of its products might have jurisdictional significance in an ordinary infringement suit, such activities cannot support specific jurisdiction in a declaratory-judgment setting given the differing nature of the patent claim at issue. *Id.*

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[10] Contrary to the Petitioner's assertion (Petition at 11), the Federal Circuit referenced this Court's decision in *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) simply to highlight that personal jurisdiction "remains an important and independent limit on the power of federal courts." (App. 16a n.2).

[11] The petition inaccurately summarizes the Federal Circuit's decision. (Petition at 12.)

The "fatally deficient" pleadings led the Federal Circuit to conclude that Petitioner had failed even to allege the necessary relevant activities to support specific jurisdiction over ATEN in Alabama. (App. 29a-30a). Petitioner contends that the Federal Circuit should have assessed jurisdiction under the "stream of commerce" theory given "the extent of [ATEN's] commercial contacts" with Alabama, criticizing the Federal Circuit's analysis as "too narrow," "ignor[ing] why the 'stream of commerce' test was created, and los[ing] contact with the Court's basic concepts of 'minimum' contacts, 'foreseeability,' and 'purposeful availment.'" (Petition at 9-13.) The Federal Circuit's analysis, however, is grounded on the distinction between general and specific jurisdiction, and the petition cites no authority for the notion that the "stream of commerce" theory did away with that distinction.

1. Even if Product-Commercialization Activities Relating to ATEN's Products Were Relevant Here, the Evidence Does Not Support Specific Jurisdiction

Even assuming commercialization activities relating to ATEN's products were relevant to specific jurisdiction in Alabama in this case, the facts do not establish that the exercise of such jurisdiction would be proper. First, the petition refers to several allegedly "undisputed facts" demonstrating ATEN's alleged "substantial connection" with Alabama, but

there are no supporting record citations. (Petition at 11.) Petitioner thus cannot reasonably argue that there was evidence establishing that ATEN should have foreseen being haled into court in Alabama. *See, e.g.*, *World-Wide Volkswagen*, 444 U.S. at 297 ("[T]he foreseeability that is critical to due process ... is that the defendant's conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there."). Moreover, Petitioner suggests that the ATEN products available in Alabama were patented, but the District Court concluded that the relevant evidence was not clear. (App. 73a-74a; *see also* App. 30a).

Finally, Petitioner refers to the activities of IOGEAR and or ATEN Technology. Petition at 6. However, a corporate subsidiary's contacts with the forum state cannot be imputed to the parent corporation absent clear and convincing evidence that the parent controls the subsidiary's activities (*see Negrón-Torres v. Verizon Commc'ns, Inc.*, 478 F.3d 19, 27 (1st Cir. 2007)), so the alleged indirect contact not attributable to ATEN has little, if any, significance. When analyzing the stream of commerce for jurisdiction, this Court has declined to find jurisdiction based on unilateral acts of third parties the defendants do not control. *See Asahi Metal Indus. Co. v. Superior Court of California*, 480 U.S. 102, 113, 116 (1987); *World-Wide Volkswagen*, 444 U.S. at 299.

2. The Issue of General Jurisdiction Is Not Properly Before this Court

The petition makes a passing reference to the possibility that Alabama had general jurisdiction over ATEN (Petition at 17), but that issue is not properly before this Court. The Federal Circuit noted that "[t]he district court rejected Avocent's assertion of general jurisdiction under a 'stream of commerce' theory ... and Avocent apparently abandoned that argument on appeal." (App. 28a). In its Petition for Rehearing *En Banc* to the Federal Circuit, Avocent argued that it "did not waive its general jurisdiction arguments" before the panel, but the only support Avocent could point to was a cryptic reference from its reply brief. *See* Avocent's Petition for Rehearing *En Banc* at 11. Under that court's precedent, Avocent's failure to argue the issue in its opening brief resulted in waiver. *See, e.g.*, *Haas v. Peake*, 544 F.3d 1306, 1308 (Fed. Cir. 2008). An issue not before the Federal Circuit is not properly before this Court. *See, e.g.*, *Delta Air Lines, Inc. v. August*, 450 U.S. 346, 362 (1981); *Adickes v. S. H. Kress & Co.*, 398 U.S. 144, 148 n.2 (1970).

B. The Court Should Also Deny the Petition Because the Federal Circuit Created No *Per Se* Rejection of the *Calder* "Effects" Test

Petitioner's arguments regarding the one notice letter sent to Alabama vis-à-vis jurisdiction under the Court's *Calder* "effects" test (Petition at

15-17) are based on misrepresentations about the Federal Circuit's decision below. As such, Petitioner's arguments should be rejected.

The "effects" test permits the exercise of personal jurisdiction based on "intentional, and allegedly tortious, actions [] expressly aimed" at the forum. *Calder v. Jones*, 465 U.S. 783 (1984). Specific jurisdiction existed in that case because the defendants knew that the allegedly defamatory article "would have a potentially devastating impact upon [the plaintiff]" and that "the brunt of that injury would be felt by [the plaintiff] in the State in which she lives and works." *Id.* at 783-84, 789-90.

The facts here are distinctly different. In its letter to Amazon, ATEN identified more than twenty "potentially infringing" products, only one being an Avocent switch, and there is no evidence that ATEN knew that any "potentially devastating" injury to Avocent would result (nor is there any evidence any such injury did in fact occur). *See* Section II.A., *supra*. Moreover, a good-faith notice letter is a permissible assertion of patent rights, unlike the allegedly tortious article in *Calder*.

Contrary to the Avocent's assertion (Petition at 15), the Federal Circuit did not lay down some new rule that notice letters, whether sent to an infringer or its customers, cannot themselves create jurisdiction. (App. 33a-34a (citing *Breckenridge Pharm., Inc. v. Metabolite Labs., Inc.*, 444 F.3d 1356, 1362 (Fed. Cir. 2006).) As the Federal Circuit's

majority opinion explained, "[p]rinciples of fair play and substantial justice afford a patentee sufficient latitude to inform others of its patent rights without subjecting itself to jurisdiction in a foreign forum." (App. 18a (citing *inter alia Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1360-61 (Fed. Cir. 1998))).

That view of the effect of a notice letter like the one ATEN sent to Amazon (as not itself sufficient to confer jurisdiction) is not held by the Federal Circuit alone. It is, for example, also espoused by the Ninth Circuit, indeed, as reported in a case that Petitioner relies on for its "circuit split" argument (*see* Section III.C., *infra*). *See, e.g.*, *Yahoo! Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme*, 433 F.3d 1199, 1208-09 (9th Cir. 2006) (*en banc*) (distinguishing "normal cease and desist letters" (those that simply warn alleged infringer of its conduct, which are insufficient to create jurisdiction), from those that do more, *e.g.*, cause a third party to "interfere wrongfully" with another's business (which can create jurisdiction)).

Equally untrue is the assertion that the Federal Circuit's decision "preclude[d] application of the Court's" *Calder* "effects" test. Petition at 17. The Federal Circuit actually considered *Calder* as "presumably relat[ing] to [Petitioner's] Lanham Act claim for unfair competition,"[12] but ruled against

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[12] Petitioner does not challenge that conclusion. (App. 34a).

jurisdiction since such a notice letter "would neither be unjustifiable nor unfair if the implication of infringement contained therein is true." (App. 33a-34a (emphasis in original)).

C. There Is No "Circuit Split"

In the decisions from the Ninth and Tenth Circuits cited by Petitioner, the courts exercised specific jurisdiction under *Calder* because the declaratory judgment defendant involved a third party who, in acting to help defendant enforce property rights, intentionally interfered with plaintiff's business. (Petition at 19-20 (citing *Dudnikov v. Chalk & Vermillion Fine Art, Inc.*, 514 F.3d 1063, 1082 (10th Cir. 2008); *Bancroft & Masters, Inc. v. Augusta National Inc.*, 223 F.3d 1082, 1088 (9th Cir. 2000); and *Yahoo!*, 433 F.3d at 1209).)

Petitioner asserts that the Federal Circuit would not have exercised jurisdiction under its "*per se*" rule regarding notice letters (Petition at 20), but overlooks that court's decision in *Campbell Pet Co. v. Miale*, 542 F.3d 879 (Fed. Cir. 2008). Similar to the facts in the cases from the Ninth and Tenth Circuits, the rights-holder in *Campbell* enlisted a third party who removed goods from a trade show, action justifying the exercise of jurisdiction. (*Campbell*, 542 F.3d at 887; App. 20a (distinguishing *Campbell* from the facts of this case).)

IV. CONCLUSION

For the foregoing reasons, ATEN respectfully urges the Court to deny Avocent's petition for a Writ of Certiorari in its entirety.

Respectfully submitted,

Of Counsel:
SCOTT A. HERBST
MING-TAO YANG
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
3300 Hillview Avenue
Palo Alto, CA 94304-1203
(650) 849-6600

E. ROBERT YOCHES
Counsel of Record
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
901 New York Avenue, NW
Washington, DC 20001-4413
(202) 408-4000

Counsel for Respondent, ATEN International Co., Ltd.

(3)

No. 08-1258

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IN THE

Supreme Court of the United States

AVOCENT HUNTSVILLE CORP. and
AVOCENT REDMOND CORP.,

Petitioners,

v.

ATEN INTERNATIONAL, CO., LTD.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

REPLY BRIEF

JAMES D. BERQUIST
Counsel of Record
J. SCOTT DAVIDSON
DONALD L. JACKSON
DAVIDSON BERQUIST JACKSON
& GOWDEY, LLP
4300 Wilson Boulevard
Suite 700
Arlington, Virginia 22203
(703) 894-6400

Attorneys for Petitioners

223020

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

STATEMENT PURSUANT TO RULE 29.6

Petitioners' corporate disclosure statement was set forth at page *iii* of their Petition for a Writ of Certiorari, and there are no amendments to that statement.

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ARGUMENT

I. Respondent's "Fatally Deficient" Pleading Argument Distracts Attention From The Real Issue

Respondent Aten urges this Court to not grant certiorari in this case on the grounds that Avocent's pleadings are "fatally" deficient. Respondent Br. at 11. Not only is the assertion untrue, it misses the point of the petition.

In the present case, the Federal Circuit found personal jurisdiction over a foreign patent owner cannot be established in a patent declaratory judgment action *unless* (1) the patent owner has brought suit under the patent in that jurisdiction, or (2) the patent owner has granted an exclusive license under that patent to a forum resident. The Federal Circuit reached that conclusion by finding that sales of the patent owner's product within the forum, whether those sales were made by the patent owner or by others through the stream of commerce, are not relevant to the jurisdictional analysis. The Federal Circuit also found that public policy prevents patent infringement threat letters from being considered in evaluating the patent owner's "minimum contacts" with the forum, even when those letters are sent to the accused infringer in the forum state or sent to a third-party outside the forum with the expectation that the harm would be felt within the forum.

Rather than addressing the propriety of the new personal jurisdiction test established by this Federal Circuit decision, or the analysis that led that to the

creation of that test, Respondent suggests that review is unnecessary because the Petitioners did not adequately plead a basis for the district court to have exercised jurisdiction over the respondent. But neither the district court nor the Federal Circuit decided this case based on the pleadings, and Petitioner's pleading was sufficient to establish jurisdiction. Paragraph 4 of the complaint reads:

> 4. Defendant Aten is in the business of developing, making, using, importing, selling, offering to sell, marketing, and/or distributing, *directly or through their [sic] agents or affiliates*, KVM switch products that enable remote workstations to communicate with, and switch between, remote computers. Defendant *Aten transacts business in this District* and elsewhere by making, using, selling, and/or offering for sale products in this District.

(JA 40 (emphasis added)).

To the extent that the Federal Circuit considered the pleading at all, it focused only on the facts that the complaint did not explicitly identify Aten Technology or IOGEAR and it did not describe the relationship between Respondent Aten (the Taiwanese patent owner) and Aten Technology (Respondent Aten's wholly-owned North American distribution arm).[1] By doing so, the

1. It is undisputed that Aten Technology is a wholly-owned subsidiary of Respondent Aten International that markets and sells Respondent's products under its own name and the IOGEAR brand name. (JA340-42, 349-69, 386-88, 482-86). IOGEAR is not a separate corporate entity.

Federal Circuit appears to have been swayed by the Respondent's argument that jurisdiction over a non-resident is predicated on the non-resident's control over everyone in its product distribution chain.[2]

Jurisdiction under the stream of commerce analysis, however, has never been premised upon the non-resident's *control* over the product distribution channel it created to bring products into the forum. Rather, jurisdiction is proper when the non-resident manufacturer delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State. *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297-98 (1980) (distinguishing between sales through established distribution channel and instances of isolated sales). The Federal Circuit decision makes clear that the panel majority flatly refused to apply the stream of commerce analysis, regardless of how the issue was pled. (Decision, App. A, p. 29a).

If more detail of the relationship between the two Aten entities was necessary or helpful, it was provided by the declarations Messrs. Thomas, Hallman and Casey filed in the district court, which Petitioner made of record before the Federal Circuit. (JA340-486). *See also International Shoe Co. v. Washington*, 329 U.S. 310, 312-13 (1954) (declarations form part of the evidentiary record and must be considered in evaluating personal jurisdiction); *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1564 (Fed. Cir. 1994) (same).

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2. Respondent Aten made this argument *for the first time* in its Opposition Brief to the Federal Circuit and repeats it here at page 12 of its Opposition. Because that argument was raised for the first time on appeal, it should have been treated as waived.

The Federal Circuit did not decide this case based on the adequacy of Petitioner's pleading. If it had, the Petitioner could have simply revised its complaint to identify these companies and to explain the relationship between them. Under the Federal Circuit's new, restrictive test, however, that pleading amendment would be futile unless Avocent could also plead that Respondent Aten (1) had filed an action in Alabama or (2) granted an exclusive license under the patents-in-suit to an Alabama resident. Thus, it is the Federal Circuit's new test, and the analysis which gave rise to it, that Petitioner asks this Court to review - not the sufficiency of the Petitioner's district court pleadings.

II. The Federal Circuit Is Using Its New Personal Jurisdiction Test To Limit Application Of The Declaratory Judgment Act

To the extent that Respondent Aten discusses the Federal Circuit's decision itself, Aten asserts only that the Federal Circuit followed precedent, created no *per se* rules, and did not convert the personal jurisdiction analysis into a mechanical test. But Respondent's assertions are conclusory and undeveloped. More importantly, the holding itself, and the Federal Circuit's subsequent treatment of that holding in *Autogenomics, Inc. v. Oxford Gene Tech. Ltd.*, 2009 U.S. App. LEXIS 10459 (Fed. Cir. May 18, 2009), directly contradict the Respondent's assertions. A copy of that decision, not yet reported, is included in the attached Supplemental Appendix.

Relying upon the decision in the present case, the *Autogenomics* court found that "only enforcement or defense efforts related to the patent rather than the patenteee's own commercialization effort are to be considered for establishing personal jurisdiction in a declaratory judgment action." App., p. 16a. Like the present panel decision, the *Autogenomics* court did not label its analysis a *per se* rule, but it is plainly a *per se* rule. Under that rule, it is not appropriate to consider whether the patentee availed itself of the benefits of doing business in the forum state by creating a product distribution channel through which its products are sold in that state – that issue is now irrelevant.

Similarly, prior to the decision in *MedImmune, Inc. v. Genetech, Inc.*, 549 U.S. 118 (2007) (rejecting the Federal Circuit's "reasonable apprehension of suit" test for subject matter jurisdiction), the Federal Circuit treated infringement threat letters as sufficient to establish a patentee's "minimum contacts" with the forum, but insufficient, by themselves, to satisfy the "fair play and substantial justice" prong of the jurisdictional analysis. *See Red Wing Shoe Company, Inc. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1360 (Fed. Cir. 1998). Under the Federal Circuit's new approach, however, neither these contacts, nor letters sent to third party customers, are to be considered, even when the patentee knows that the tortious impact of the letters sent to customers will be felt within the forum. Again, though not denoted as such, these prohibitions are in fact *per se* rules.

Under the Federal Circuit's new standard, personal jurisdiction over a foreign patent owner in a declaratory judgment action requires either an exclusive licensee in the forum or a patent infringement lawsuit on the same patent in that forum. That is a mechanical test - either the conditions are met or they are not - and is a test that is at odds with the Court's flexible approach in which all contacts with the forum, and the nature of those contacts, must be considered. The Federal Circuit's decision, and its recent application in *Autogenomics*, makes clear that the Federal Circuit has purposefully limited an accused infringer's ability to file an action under the Declaratory Judgment Act in a reasonably convenient forum. There is no sound basis in policy or law to limit the reach of that Act in this way.

In this case, Respondent Aten's infringement threat letters should have been found sufficient to establish Aten's "minimum contacts" with Alabama because one was sent directly to a resident of Alabama and another was sent to a third-part customer knowing the effect of that letter would be felt in Alabama (by the resident to whom Aten had previously written). The "fair play and substantial justice" prong of the analysis should have been found satisfied by looking at all relevant evidence, including Aten's status as an international conglomerate, its sales of product in Alabama (both direct sales and indirect sales), and Aten's history of asserting that patent against others across the United States. *See* Circuit Judge Newman's dissent (App. A, pp. 36a-60a). Petitioner Avocent has established jurisdiction under the correct standard.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

JAMES D. BERQUIST
Counsel of Record
J. SCOTT DAVIDSON
DONALD L. JACKSON
DAVIDSON BERQUIST JACKSON
& GOWDEY, LLP
4300 Wilson Boulevard
Suite 700
Arlington, Virginia 22203
(703) 894-6400

Attorneys for Petitioners

APPENDIX

APPENDIX

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2008-1217

AUTOGENOMICS, INC.,

Plaintiff-Appellant,

v.

OXFORD GENE TECHNOLOGY LIMITED,

Defendant-Appellee.

May 18, 2009, Decided

JUDGES: Before NEWMAN and MOORE, Circuit Judges, and GETTLEMAN, District Judge.* Opinion for the court filed by Circuit Judge MOORE. Dissenting opinion filed by Circuit Judge NEWMAN.

OPINION

MOORE, *Circuit Judge.*

Plaintiff-Appellant Autogenomics, Inc. (Autogenomics) sued Defendant-Appellee Oxford Gene Technology

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* The Honorable Robert W. Gettleman, District Judge, United States District Court for the Northern District of Illinois, sitting by designation.

Limited (Oxford) in the United States District Court for the Central District of California for a declaratory judgment of invalidity and non-infringement of claims 9 and 10 of U.S. Patent No. 6,054,270 (the '270 patent). The district court granted Oxford's motion to dismiss for lack of personal jurisdiction. *Autogenomics, Inc. v. Oxford Gene Tech., Ltd.*, No. SACV 07-846-MRP (C.D. Cal. Jan. 17, 2008). Autogenomics appeals this ruling, as well as the district court's denial of jurisdictional discovery. Because the district court possessed neither general nor specific personal jurisdiction over Oxford, and because the court did not abuse its discretion by denying jurisdictional discovery, we affirm.

BACKGROUND

A. Jurisdictional Facts

Oxford is a British biotechnology company organized under the laws of England and Wales. Oxford owns the '270 patent, which relates to oligonucleotide microarrays for analysis of polynucleotides. Oxford is not registered to do business in California, nor does it have any facilities, assets, employees, or agents there. Autogenomics is a biotechnology company organized under the laws of California, with its main office in Carlsbad, California. Autogenomics uses microarray technology in its business. Autogenomics alleges in support of the district court's personal jurisdiction that Oxford has several contacts with California. The jurisdictional facts alleged by Autogenomics are supplemented, where noted, by uncontradicted evidence presented by Oxford.

Appendix

1. Licensing Negotiations Between Autogenomics and Oxford: In early 2006, Oxford contacted Autogenomics regarding the '270 patent, which Oxford contends is infringed by Autogenomics's manufacture and sale of microarray products. In a February 28, 2006 e-mail, Autogenomics expressed interest in taking a license, but provided Oxford with eleven references that it alleged "raise serious issues with regard to novelty and obviousness" of the '270 patent. Oxford responded by e-mail on March 23, 2006, with arguments that the '270 patent was valid over the references, and stated that "we are at a point whereby the commercial negotiations should begin to work to achieve a license for the Autogenomics product." In July 2007, two Oxford representatives flew to California to meet with representatives of Autogenomics. The parties failed to agree on license terms.

2. Licenses: Oxford entered into non-exclusive licenses with "about ten" California companies with respect to its microarray technology. Although no license terms are in evidence, Autogenomics alleges that one license—not of the '270 patent in particular—to Incyte Pharmaceutics Inc. (Incyte), a California company, is an exclusive license. Oxford claims that it has an "open licensing policy for its patented microarray technology, including the technology covered by the '270 patent," and specifically admits that it granted a non-exclusive license of the '270 patent to Affymetrix Inc., a California company.

3. The Agilent Agreement: According to an Oxford press release and an article from a publically available website, Oxford and Agilent Technologies (Agilent)—a company with offices in California—completed a collaborative agreement in 2007. Autogenomics characterizes this agreement as a joint venture. There is no evidence that this agreement involves a license or has any relationship to the '270 patent. It involves "a collaborative agreement giving [Oxford] access to Agilent's microarray platform, confirming [Oxford] as an Agilent Certified Service Provider, and appointing Agilent as an OEM supplier for [Oxford] designed microarrays." The deal will purportedly allow the two companies to "jointly develop a Centre of (Microarray) Excellence." Oxford executives characterize the relationship as a "close collaboration." The purpose of the deal is to allow Oxford "to become the largest microarray service provider in Europe." An uncontested Oxford declaration states:

> [Oxford] has a supply agreement with Agilent that allows [Oxford] to purchase arrays from Agilent for [Oxford]'s use or resale without geographical restriction. There is no joint venture between Agilent and [Oxford]. The agreement between Agilent and [Oxford] is not a distribution agreement whereby Agilent supplies products on [Oxford]'s behalf for or into the California market, or indeed to any other market.

4. Conferences: Oxford attended three scientific conferences—trade shows in Autogenomics's terminology—in California in 2003, 2005, and 2007. The three conferences dealt with "nanotechnology," "bio-nanotechnology," and "modeling and simulation of microsystems," respectively. At the 2003 conference, Oxford is listed among dozens of "presenting companies." At the 2005 conference, Oxford is listed among dozens of companies under the heading "Past Participant Highlights." At the 2007 conference, Oxford was scheduled to deliver a 20-minute presentation on "[a] method for the highly parallel analysis of gene expression of single cells." In a 2007 company newsletter, Oxford reported that it would attend a fourth conference in California where its booth description characterized Oxford as focusing on "[m]icroarray services and application products" and stated that Oxford "adopts a broad licensing policy for its microarray patents."

5. Sales: In April 2006, Oxford sold 20 microarrays to a California company for $ 7,600. According to Oxford, the sale constituted about 1% of its revenue that year. There is no evidence of what relationship, if any, there might be between the sale and the '270 patent. Autogenomics also alleges, without evidentiary support, that Oxford "very likely offered, and possibly contracted to perform" services for numerous California companies, reasoning that Oxford's likely clients are biotechnology companies largely based in California. Oxford provided an uncontested declaration that although "some of the companies" named by Autogenomics "either have a license agreement with [Oxford] or may seek a license

agreement from [Oxford] in the future, the companies . . . are not customers of [Oxford], and are not likely to be."

6. Publication: Oxford published an "application note" on Nature.com, the globally-accessible website of *Nature*, a United Kingdom scientific publication. The application note describes an Oxford microarray product. Autogenomics characterizes the application note as an advertisement to California companies, noting that the University of California is one of the top ten institutional visitors to Nature.com.

B. Procedural Background

On July 23, 2007, Autogenomics filed a declaratory judgment action against Oxford in the United States District Court for the Central District of California. Autogenomics asked the court to find that claims 9 and 10 of the '270 patent are invalid or unenforceable, and that Autogenomics did not infringe the same claims. On November 27, 2007, Oxford filed a motion to dismiss, arguing that the district court lacked either general or specific personal jurisdiction over it.

On January 17, 2008, the district court ruled that it lacked general jurisdiction because Oxford's contacts with California were insufficient to be the equivalent of having a physical presence within the state. *Autogenomics*, No. SACV 07-846-MRP at 8-11. The court further ruled that it lacked specific jurisdiction because the declaratory judgment action did not arise

from or relate to most of the contacts alleged by Autogenomics, and those contacts that did relate to the declaratory judgment action nonetheless did not contribute to jurisdiction under our holding in *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355 (Fed. Cir. 1998). *Autogenomics*, No. SACV 07-846-MRP at 11-16. Finally, the court denied Autogenomics the opportunity to conduct jurisdictional discovery because Autogenomics failed to make a formal motion and failed to show that discovery would demonstrate facts sufficient to constitute a basis for jurisdiction. *Id.* at 17 n.3. Autogenomics appeals the district court's ruling that it lacked personal jurisdiction over Oxford, as well as the district court's denial of jurisdictional discovery.

DISCUSSION

I.

Personal jurisdiction is a question of law that we review *de novo*. *Avocent Huntsville Corp. v. Aten Int'l Co.*, 552 F.3d 1324, 1328 (Fed. Cir. 2008) (citing *Genetic Implant Sys., Inc. v. Core-Vent Corp.*, 123 F.3d 1455, 1457 (Fed. Cir. 1997)). "Moreover, we apply Federal Circuit law because the jurisdictional issue is 'intimately involved with the substance of the patent laws.'" *Id.* (quoting *Akro Corp. v. Luker*, 45 F.3d 1541, 1543 (Fed. Cir. 1995)); *see also Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1565 (Fed. Cir. 1994) ("Under [jurisdictional] circumstances such as these, we have held we owe no special deference to regional circuit law.").

"In this case, 'because the parties have not conducted discovery, [Autogenomics] needed only to make a *prima facie* showing that [Oxford] was subject to personal jurisdiction. As such, the pleadings and affidavits are to be construed in the light most favorable to [Autogenomics].'" *Avocent*, 552 F.3d 1324, 1328 (quoting *Silent Drive, Inc. v. Strong Indus., Inc.*, 326 F.3d 1194, 1201 (Fed. Cir. 2003)); *see also Elecs. for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1349 (Fed. Cir. 2003) ("[W]here the district court's disposition as to the personal jurisdictional question is based on affidavits and other written materials in the absence of an evidentiary hearing, a plaintiff need only to make a *prima facie* showing that defendants are subject to personal jurisdiction. In the procedural posture of a motion to dismiss, a district court must accept the *uncontroverted* allegations in the plaintiff's complaint as true and resolve any factual conflicts in the affidavits in the plaintiff's favor." (citation omitted) (second emphasis added)).

"Determining whether jurisdiction exists over an out-of-state defendant involves two inquiries: whether a forum state's long-arm statute permits service of process and whether assertion of personal jurisdiction violates due process." *Genetic Implant*, 123 F.3d at 1458 (citing *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 471-76, 105 S. Ct. 2174, 85 L. Ed. 2d 528 (1985)). "However, because California's long-arm statute is coextensive with the limits of due process, the two inquiries collapse into a single inquiry: whether jurisdiction comports with due process." *Inamed Corp.*

v. Kuzmak, 249 F.3d 1356, 1360 (Fed. Cir. 2001) (citing *Dainippon Screen Mfg. Co. v. CFMT, Inc.*, 142 F.3d 1266, 1270 (Fed. Cir. 1998)); *see also* Cal. Civ. Proc. Code § 410.10 (Deering 2001).

Autogenomics argues that the district court has personal jurisdiction over Oxford on two bases: general and specific personal jurisdiction. General jurisdiction, on one hand, "requires that the defendant have 'continuous and systematic' contacts with the forum state and confers personal jurisdiction even when the cause of action has no relationship with those contacts." *Silent Drive*, 326 F.3d at 1200 (quoting *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 416, 104 S. Ct. 1868, 80 L. Ed. 2d 404 (1984)). Specific jurisdiction, on the other hand, must be based on activities that arise out of or relate to the cause of action, and can exist even if the defendant's contacts are not continuous and systematic. *Id.* (citing *Burger King*, 471 U.S. at 472-73). We will address general jurisdiction and specific jurisdiction in turn.

A.

The district court correctly ruled that it lacked general personal jurisdiction over Oxford. Oxford does not have contacts with the forum state that qualify as "continuous and systematic general business contacts." *Helicopteros*, 466 U.S. at 416. Rather, this "is a classic case of sporadic and insubstantial contacts with the forum state, which are not sufficient to establish general jurisdiction over the defendants in the forum."

Campbell Pet Co. v. Miale, 542 F.3d 879, 884 (Fed. Cir. 2008). In *Helicopteros*, the Supreme Court rejected the plaintiff's assertion of personal jurisdiction in Texas where the defendant did not have a place of business in Texas and had never been licensed to do business in the state. 466 U.S. at 416. The Supreme Court reached this conclusion despite the fact that the defendant "sen[t] its chief executive officer to Houston for a contract-negotiation session; accept[ed] into its New York bank account checks drawn on a Houston bank; purchas[ed] helicopters, equipment, and training services from Bell Helicopter for substantial sums; and sen[t] personnel to Bell's facilities in Fort Worth for training." *Id.* Like the defendant in *Helicopteros*, Oxford has no actual physical presence or license to do business in California, and nothing here exceeds the commercial contacts that the Supreme Court held were insufficient in *Helicopteros*.

While acknowledging that the standard for general jurisdiction is "fairly high," Autogenomics argues that Oxford's attendance at several conferences in California approximated a physical presence within the state. Autogenomics urges us to infer that "Oxford was using its conference appearances to meet with existing and potential customers, just as it would if it had an office." We decline to do so. Although we must resolve factual conflicts in Autogenomics's favor, it is entitled to only those inferences that are reasonable. *Pennington Seed, Inc. v. Produce Exch. No. 299*, 457 F.3d 1334, 1338 (Fed. Cir. 2006). Although it is reasonable to infer that Oxford meets potential customers at conferences, it is not

reasonable to infer that this means that Oxford's conference booths are "mobile offices," and ultimately, four conferences over five years constitute only sporadic and insubstantial contacts. *See Campbell Pet*, 542 F.3d at 881-82 (holding no general jurisdiction despite defendant's attendance at a conference where she demonstrated her products, offered them for sale, took orders, threatened competitors and harassed her competitor's customers).

Autogenomics also points to the Agilent agreement as evidence of continuous and systematic contacts. We cannot reasonably infer from the Agilent agreement that the agreement will cause Oxford to have significantly more contact with California than the defendant in *Helicopteros* had with Texas—repeated purchases and visits by personnel over a number of years. *See* 466 U.S. at 418 (holding that "purchases, even if occurring at regular intervals" and visits by personnel in connection with the purchases were insufficient to establish general personal jurisdiction). All of the contacts alleged by Autogenomics, even in combination, are insufficient evidence of continuous and systematic contacts. *See Campbell Pet*, 542 F.3d at 883-84 (holding that conference attendance in the forum, a cease-and-desist letter sent into the forum, twelve sales in the forum totaling about $ 14,000 in revenue, and a generally accessible website were insufficient to give rise to general jurisdiction). We similarly considered the litany of inferences that Autogenomics insists we should draw from the jurisdictional facts, and likewise conclude that they are either unreasonable or even if reasonable,

ultimately insufficient. Thus, we conclude that the district court lacked general personal jurisdiction over Oxford.

B.

Where a defendant is not subject to general personal jurisdiction in the forum state, a district court may nonetheless exercise specific personal jurisdiction over the defendant subject to a three part test:

> (1) the defendant purposefully directed its activities at residents of the forum, (2) the claim arises out of or relates to those activities, and (3) assertion of personal jurisdiction is reasonable and fair. With respect to the last prong, the burden of proof is on the defendant, which must "present a compelling case that the presence of some other considerations would render jurisdiction unreasonable" under the five-factor test articulated by the Supreme Court in *Burger King*.

Breckenridge Pharm., Inc. v. Metabolite Labs., Inc., 444 F.3d 1356, 1363 (Fed. Cir. 2006) (quoting *Burger King*, 471 U.S. at 477). "The first two factors correspond with the 'minimum contacts' prong of the *International Shoe* analysis, and the third factor corresponds with the 'fair play and substantial justice' prong of the analysis." *Inamed*, 249 F.3d at 1360 (citing *Akro*, 45 F.3d at 1545); *see also Int'l Shoe Co. v. Wash.*, 326 U.S. 310, 316, 66 S. Ct. 154, 90 L. Ed. 95 (1945).

Appendix

The district court's decision that it lacked specific personal jurisdiction was largely based on *Red Wing Shoe*, which held that "cease-and-desist letters alone do not suffice to justify personal jurisdiction" in a declaratory judgment action. 148 F.3d at 1361. The district court concluded that the e-mail and in-person negotiations between Oxford and Autogenomics were "clearly analogous to the 'cease-and-desist' communications at issue in the bevy of cases on this subject." *Autogenomics*, No. SACV 07-846-MRP at 12-13. With regard to the other jurisdictional facts asserted by Autogenomics, the court acknowledged that we have held that in combination with cease-and-desist communications, other activities can give rise to specific personal jurisdiction. *See e.g.*, *Campbell Pet*, 542 F.3d at 885-87 (holding that attempts at "extra-judicial patent enforcement" by harming plaintiff's business activities in forum state is a sufficient additional factor to justify the exercise of personal jurisdiction); *Breckenridge*, 444 F.3d at 1366-67 (holding that entry into an *exclusive* license with an entity in the forum state is sufficient extra activity to establish jurisdiction); *Genetic Implant*, 123 F.3d at 1458 (holding that the forum had jurisdiction over the patentee that "contracted with [an exclusive distributor] to sell [the] patented products in [the forum State]" where the agreement was "analogous to a grant of a patent license"); *Viam Corp. v. Iowa Exp.-Imp. Trading Co.*, 84 F.3d 424, 430 (Fed. Cir. 1996) (holding that personal jurisdiction exists where "according to their own submission to this court, [the defendants] have initiated a suit seeking to enforce the same patent that is the subject of this suit against other

parties, unrelated to this action, in the same district court"); *Akro*, 45 F.3d at 1548-49 (holding that exclusive licensing of the accused infringer's competitor in the forum state constituted the required "additional activity" beyond sending warning letters). Here, the district court concluded that the other contacts asserted by Autogenomics did not arise from or relate to the declaratory judgment cause of action. Because it viewed these "other activities" as irrelevant to the question of specific personal jurisdiction, the court concluded that it did not have personal jurisdiction over Oxford.

The district court's decision and the principal briefing on appeal occurred before our decision in *Avocent*. In that case, we endeavored to reconcile our decisions regarding personal jurisdiction in declaratory judgment actions, and concluded the following:

> While exclusive licensing agreements and other undertakings that impose enforcement obligations on a patentee or its licensee reflect the kind of "other activities" that support specific personal jurisdiction in a declaratory judgment action, the defendant patentee's own commercialization activity does not. What the patentee makes, uses, offers to sell, sells, or imports is of no real relevance to the enforcement or defense of a patent, because "the federal patent laws do not create any affirmative right to make, use, or sell anything."

Avocent, 552 F.3d at 1335 (quoting *Leatherman Tool Group Inc. v. Cooper Indus., Inc.*, 131 F.3d 1011, 1015

(Fed. Cir. 1997)). *Avocent* explained that the contacts material to the specific jurisdiction analysis in a declaratory judgment action are not just any activities related to the patent-at-issue. Rather, the relevant activities are those that the defendant "purposefully directs . . . at the forum which relate in some material way to the enforcement or the defense of the patent." *Id.* at 1336. Thus, courts must examine the jurisdictional facts for conduct whereby the patentee "may be said to purposefully avail itself of the forum and to engage in activity that relates to the validity and enforceability of the patent." *Id.* In *Red Wing Shoe*, we observed that the logic of this rule does not flow from the fact that the action is for declaratory judgment because indeed, cease-and-desist letters are the very reason for such an action:

> In the event a patentee casts its net of cease-and-desist letters too widely and entangles some non-infringing products, a plaintiff may have little recourse other than a declaratory judgment action to disentangle its non-infringing business. In those instances, the cease-and-desist letters are the cause of the entanglement and at least partially give rise to the plaintiff's action. In sum, the mirror-image analysis does not account for the legitimate use of a declaratory judgment action as a disentanglement tool. Thus, it ignores the essential fact that in a declaratory judgment action, the patentee is, after all, the defendant.

148 F.3d at 1360. Rather, we explained that:

> Principles of fair play and substantial justice afford a patentee sufficient latitude to inform others of its patent rights without subjecting itself to jurisdiction in a foreign forum. A patentee should not subject itself to personal jurisdiction in a forum solely by informing a party who happens to be located there of suspected infringement. Grounding personal jurisdiction on such contacts alone would not comport with principles of fairness.

Id. at 1360-61.

Our holding in Avocent was that only enforcement or defense efforts related to the patent rather than the patentee's own commercialization efforts are to be considered for establishing specific personal jurisdiction in a declaratory judgment action against the patentee. 552 F.3d at 1336. The dissent suggests that this reading of *Avocent* renders it in conflict with other precedent of this court. The court in *Avocent*, however, considered and distinguished the very precedent that the dissent cites. 552 F.3d at 1334-35, 1338-39 (discussing *Viam*, *Campbell Pet*, and *Red Wing Shoe*). In *Viam*, for example, where this court held personal jurisdiction existed, the patentee had sued another infringer in the same court on the same patent—enforcement efforts in the forum. 84 F.3d at 430. In *Campbell Pet*, where the court held personal jurisdiction existed, the patentee had enlisted a third party to remove the defendant's products from a trade show that was being held in the forum state—enforcement efforts in the forum. 542 F.3d

at 886. In *Red Wing Shoe*, despite the patentee's thirty-four non-exclusive licensees selling the patented product in the forum State, no personal jurisdiction existed because of an absence of enforcement efforts. 148 F.3d at 1359, 1362.[1]

Although we too are concerned that foreign patentees like Oxford may engage in significant commercialization and licensing efforts in a state while benefiting from the shelter of the *Avocent* rule, we are nonetheless bound by *Avocent*. We note, however, that it is not the case that the 50% of all patentees who are foreign "are always immunized from adjudication" as the dissent suggests. Jurisdiction over foreign patentees like Oxford continues to be available in the United States District Court for the District of Columbia. *See* 35 U.S.C. § 293.

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1. The dissent also suggests that this decision is inconsistent with our court's recent decision in *Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com. de Equip. Medico*, No. 2008-1279, F.3d , 2009 U.S. App. LEXIS 8081, 2009 WL 1025760 (Fed. Cir. Apr. 17, 2009). *Synthes* was not a declaratory judgment action against the patent holder but rather an infringement suit brought by the patentee against an accused infringer, where commercialization-type contacts are highly relevant to personal jurisdiction. By contrast, in *Avocent* we held that "[w]hat the patentee makes, uses, offers to sell, sells, or imports is of no real relevance to the enforcement or defense of a patent." 552 F.3d at 1335. The dissent may be correct that *Red Wing Shoe* rested not on this reasoning, but rather on principles of fairness. *See* 148 F.3d at 1360-61. Regardless of whether *Avocent* went further than *Red Wing Shoe* required, it is now clear and binding precedent.

Appendix

Because principal briefing had been completed in this case prior to our decision in *Avocent*, on December 19, 2008, we asked the parties to submit supplemental briefing addressing *Avocent*. Autogenomics had originally argued that Oxford had nine types of contacts with California. In its supplemental brief, Autogenomics concedes that our "holding in *Avocent* eliminated seven of those nine types of contacts in the context of a declaratory judgment action." Appellant's Supplemental Br. 2. Autogenomics explained that only two of the alleged types of contacts Oxford had with California were still relevant to the specific jurisdiction inquiry: the Agilent agreement and the licenses. *Id.* at 2-3.

First, Autogenomics asserts that the Agilent agreement is sufficient to establish jurisdiction over Oxford. We disagree. Although Agilent is a California company, and the agreement was created to pursue the field of microarrays, there is nothing in evidence, nor would it be a reasonable inference, to suggest that this agreement involves the '270 patent or is "analogous to a grant of a patent license." *Genetic Implant*, 123 F.3d at 1458.

Second, Autogenomics argues that we should infer that Oxford gave an exclusive license that relates to the '270 patent. As support for this contention, Autogenomics argues that the allegedly exclusive Incyte license means that the following declaration of Oxford's director of licensing and business development is false: "[Oxford] has an open licensing policy for its patented microarray technology, including the technology

covered by the '270 patents. All of [Oxford's] licenses are non-exclusive . . . ." Even though the Incyte license "does not relate to the patent-at-issue in our case," Autogenomics argues that because of this apparent inconsistency, we should infer that Oxford is hiding an exclusive license of the '270 patent. We disagree because although the inconsistency greatly weakens the strength of Oxford's declaration, it is nonetheless undisputed that there are numerous non-exclusive licenses of the '270 patent. Because of this, it cannot be a reasonable inference that there is also an exclusive license of the same patent. We therefore conclude that the district court does not have specific personal jurisdiction over Oxford because Autogenomics has failed to allege sufficient activities "relat[ing] to the validity and enforceability of the patent" in addition to the cease-and-desist communications. *Avocent*, 552 F.3d at 1336.

II.

Autogenomics also appeals the district court's denial of jurisdictional discovery. We review the district court's denial of discovery, an issue not unique to patent law, for abuse of discretion, applying the law of the regional circuit. *Digeo, Inc. v. Audible, Inc.*, 505 F.3d 1362, 1370 (Fed. Cir. 2007) (citing *Qualls v. Blue Cross, Inc.*, 22 F.3d 839, 844 (9th Cir. 1994)); *see also Pebble Beach Co. v. Caddy*, 453 F.3d 1151, 1154 (9th Cir. 2006) ("We review a district court's decision to grant or deny discovery on jurisdictional facts for abuse of discretion."). "A reviewing court will not disturb a denial of additional

discovery unless there is 'the clearest showing' that the denial will result in 'actual and substantial prejudice to the complaining litigant' (e.g., 'a reasonable probability that the outcome would have been different had discovery been allowed')." *Digeo*, 505 F.3d at 1370 (quoting *Laub v. U.S. Dep't of Interior*, 342 F.3d 1080, 1093

In this case, there is no denial of a motion for jurisdictional discovery for us to review because there was no formal motion for jurisdictional discovery. According to an uncontroverted declaration by counsel for Oxford, on November 26, 2007, counsel for Oxford contacted counsel for Autogenomics to warn him of the pending motion to dismiss for lack of personal jurisdiction. After discussing arguments relating to jurisdiction, counsel for Autogenomics raised the possibility of jurisdictional discovery, and asked for the contact information of relevant people at Oxford. Counsel for Oxford identified two people and indicated that he was willing to discuss the issue further, even after Oxford filed its motion to dismiss. Counsel for Autogenomics said that he would call back within a few days, but he did not. Oxford filed its motion to dismiss on November 27, 2007.

In its opposition to Oxford's motion to dismiss, filed December 21, 2007, Autogenomics stated, without elaboration, that "[i]n the event that the Court is not completely convinced of jurisdiction, Autogenomics hereby requests that the Court grant limited discovery." On December 28, 2007, the district court attempted to

contact counsel for Autogenomics to advise him of how to properly request jurisdictional discovery. On January 2, 2008, counsel for Autogenomics returned the court's telephone call, leaving a message for the clerk. At the hearing for the motion to dismiss on January 14, 2008, Autogenomics reiterated its request for jurisdictional discovery. The district court noted that it never received the required formal motion. In its January 17, 2008 ruling, the court refused to grant jurisdictional discovery. The court found that the suggestions at oral argument and in the opposition brief were insufficient, and regardless, that Autogenomics had "not shown, with any degree of specificity, that discovery would 'demonstrate facts sufficient to constitute a basis for jurisdiction.'" *Autogenomics*, No. SACV 07-846-MRP at 17 n.3 (quoting *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 430 n.24 (9th Cir. 1977)).

The district court did not abuse its discretion by denying jurisdictional discovery. As an initial matter, the district court is correct that under Ninth Circuit law, it is not necessarily an abuse of discretion to reject a request for jurisdictional discovery because no formal motion was made. *Sopcak v. N. Mountain Helicopter Serv.*, 52 F.3d 817, 819 (9th Cir. 1995) (holding that district court did not abuse its discretion by denying discovery where "rather than moving for extension of time to oppose the dismissal motion, the Appellants filed an opposition which stated in part: '[h]owever, if the court believes that there is not sufficient evidence to support plaintiffs' jurisdictional allegation, plaintiffs respectfully request an opportunity to conduct discovery'").

Autogenomics attempts to distinguish *Sopcak* by arguing that it did not become aware that jurisdictional discovery would be necessary until "days before filing its opposition." It is undisputed, however, that Autogenomics considered and discussed jurisdictional discovery issues with opposing counsel *before* Oxford filed its motion to dismiss. Moreover, by proactively contacting counsel for Autogenomics, the judge expressed a willingness to consider a formal motion even after Autogenomics made its unsupported request in its opposition brief. And of course, Autogenomics could have moved for an extension of time as the Ninth Circuit suggested in *Sopcak*. Autogenomics "can not now complain that the court erred by not allowing them to conduct eleventh-hour discovery upon an adverse ruling." *Id.*[2]

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2. Autogenomics relies on *Commissariat a l'Energie Atomique v. Chi Mei Optoelectronics Corp.*, 395 F.3d 1315, 1323 (Fed. Cir. 2005), which applied Third Circuit law to hold that "plaintiffs did not waive their right to discovery, but preserved the issue by, [a] initially requesting discovery in their opposition to the motion to dismiss, [b] a request that was reiterated during oral argument, and [c] reasserted . . . in greater detail in their motion for reconsideration." This rule, regardless of its merits, cannot overrule the Ninth Circuit's law here. Even if this rule were applicable, Autogenomics failed at any point, much less in a motion for reconsideration, to provide the district court "greater detail," much less any detailed reasons at all for seeking discovery.

Furthermore, although we held in *Commissariat* that "[i]n determining the relevance of a request for jurisdictional discovery, we apply Federal Circuit law," that is not our task

(Cont'd)

Furthermore, as the district court noted, "[a]n appellate court will not interfere with the trial court's refusal to grant discovery except upon the clearest showing that the dismissal resulted in actual and substantial prejudice to the litigant; such a refusal is not an abuse of discretion when it is clear that further discovery would not demonstrate facts sufficient to constitute a basis for jurisdiction." *Wells Fargo*, 556 F.2d at 430 n.24; *see also Laub*, 342 F.3d at 1093 ("Prejudice is established if there is a reasonable probability that the outcome would have been different had discovery been allowed."). Autogenomics did not make, either in its opposition brief or at the motion hearing, a showing that further discovery would elucidate the facts necessary to prove that the court had personal jurisdiction. Such a showing is especially important where, as here, the defendant enters declarations into evidence specifically denying certain jurisdictional

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(Cont'd)

here. 395 F.3d at 1323. Rather, we are making a threshold decision of whether the denial of discovery was an abuse of discretion where the plaintiff failed to make a formal motion and failed to articulate any reasons for why discovery was necessary. *See id.* at 1322 ("On procedural issues such as the timeliness of discovery requests, we are guided by the law of the regional circuit in which the district court sits."). This is a question controlled by Ninth Circuit law. Indeed, we cannot evaluate the "relevance" of Autogenomics's request because it provided the district court with no reasons for its request or particular areas to which discovery would be directed. In *Commissariat*, by contrast, the plaintiff "clearly made a sufficient threshold showing to merit jurisdictional discovery." *Id.* at 1323. Autogenomics made no such showing.

allegations. *Terracom v. Valley Nat'l Bank*, 49 F.3d 555, 562 (9th Cir. 1995) ("[W]here a plaintiff's claim of personal jurisdiction appears to be both attenuated and based on bare allegations in the face of specific denials made by defendants, the Court need not permit even limited discovery . . . ."). Only now, on appeal, does Autogenomics explain how discovery could help establish the court's jurisdiction. We need not evaluate the merits of these arguments because they were never made to the district court, and thus do not have any bearing on our review of the district court's decision for abuse of discretion. Nor do we agree with Autogenomics that the arguments are so "obvious" that the court should have reached them as reasonable inferences in view of the jurisdictional facts it had before it. Therefore, we conclude that the district court acted within its discretion by denying Autogenomics's request for jurisdictional discovery.

CONCLUSION

The district court possessed neither general nor specific personal jurisdiction over Oxford, and the court did not abuse its discretion by denying Autogenomics's request for jurisdictional discovery. The judgment below is

AFFIRMED.

DISSENT

NEWMAN, *Circuit Judge*, dissenting.

The Federal Circuit again restricts United States parties from access to our courts when a United States patent is owned by a foreign entity. The court rules that the foreign patent owner is not subject to suit in California despite its commercial presence in California including the grant of at least ten patent licenses to companies in California; despite a manufacturing venture of the patent owner with a California-based company to produce and sell microarrays designed by the patent owner; despite participation by the patent owner with respect to the patented technology in trade shows and scientific meetings in California; and despite the patent owner's threats of infringement against Autogenomics, a California company whose accused activities are conducted in California. On the entirety of these contacts, jurisdiction of this declaratory judgment action was proper in the Central District of California. From my colleagues' contrary ruling, I respectfully dissent.

DISCUSSION

It is not disputed that there is a "case of actual controversy" in accordance with the Declaratory Judgment Act, 28 U.S.C. §2201(a), between the patent owner Oxford Gene Technology Inc., a British company, and the plaintiff Autogenomics. The only question is whether the requirements of personal jurisdiction have

been met in California, the resident forum of Autogenomics, recognizing that Oxford is not registered to do business in any of the United States.

Where a foreign defendant has not consented to suit in a forum, the inquiry into personal jurisdiction turns on a trio of criteria, generally designated as purposeful availment, relatedness, and reasonableness. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472-77, 105 S. Ct. 2174, 85 L. Ed. 2d 528 (1985); *Akro Corp. v. Luker*, 45 F.3d 1541, 1545 (Fed. Cir. 1995). First, the defendant must have purposefully availed itself of the forum by conducting activities in the forum. Second, the plaintiff's claim must arise from or be related to the defendant's activities in the forum. And third, the court's exercise of personal jurisdiction must comport with the principles of due process and fairness.

Autogenomics readily made a prima facie showing as to these criteria, for Oxford owns several United States patents, including the patent that is the subject of this declaratory action, and is exercising its United States patent rights through approximately ten licensees in California. Autogenomics states that Oxford has entered into a manufacturing venture with the California company Agilent, whereby Agilent serves as a California-based supplier of microarrays designed by Oxford. Oxford's employees have personally exhibited the Oxford technology at trade shows in California and publicized the availability of licenses for Oxford's United States patents. The record shows sale of Oxford microarray products to at least one customer in

California. Oxford employees traveled to California and negotiated with Autogenomics in that forum. In addition, California is the primary site of Autogenomics' business, the forum in which the accused infringing activities are conducted, and in which Oxford's threatened enforcement of its patent would occur. Many of Oxford's contacts with California relate directly to the '270 patent, the subject of this lawsuit.

The reasonableness inquiry applies to both defendant and plaintiff, invoking "notions of fair play and substantial justice," *Akro*, 45 F.3d at 1546, as measured by factors such as those discussed in *Burger King*:

> [C]ourts in appropriate cases may evaluate the burden on the defendant, the forum State's interest in adjudicating the dispute, the plaintiff's interest in obtaining convenient and effective relief, the interstate judicial system's interest in obtaining the most efficient resolution of controversies, and the shared interest of the several States in furthering fundamental substantive social policies.

471 U.S. at 477 (quoting *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292, 100 S. Ct. 559, 62 L. Ed. 2d 490 (1980)) (quotation marks omitted). Considerations of reasonableness give effect to the equitable authority of courts to provide access to adjudication when such is warranted, while protecting

both sides from unfair burdens. Considerations of fairness and justice are central to the due process analysis, the Court observing that "[t]hese considerations sometimes serve to establish the reasonableness of jurisdiction upon a lesser showing of minimum contacts than would otherwise be required." *Burger King*, 471 U.S. at 477 (citing *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 780, 104 S. Ct. 1473, 79 L. Ed. 2d 790 (1984); *Calder v. Jones*, 465 U.S. 783, 788-89, 104 S. Ct. 1482, 79 L. Ed. 2d 804 (1984); *McGee v. International Life Ins. Co.*, 355 U.S. 220, 223-24, 78 S. Ct. 199, 2 L. Ed. 2d 223 (1957)).

Autogenomics brought this declaratory judgment action in the forum of its corporate residence and principal place of business, the location of the activities that Oxford says infringe its United States patents. The compulsory counterclaim of infringement would center on activities in the Central District of California. No other forum has been asserted by Oxford to be more convenient; indeed, the entire relationship between Oxford and Autogenomics has been in the California forum, which is a primary locus of the biotechnology industry in which both parties are engaged. All of these factors are relevant to the inquiry of whether "the quality and nature of the activity in relation to the fair and orderly administration of the laws" is sufficient for a forum to exercise jurisdiction. *International Shoe Co. v. Washington*, 326 U.S. 310, 319, 66 S. Ct. 154, 90 L. Ed. 95 (1945).

Appendix

Personal jurisdiction of owners of United States patents has been recognized in circumstances no closer to the forum than those here. In *Campbell Pet Co. v. Miale*, 542 F.3d 879 (Fed. Cir. 2008), this court held that the patentee, a corporation having a California residence, was nonetheless subject to personal jurisdiction in the state of Washington, upon having attended a trade show in Washington and complained about the plaintiff's display, then writing to the plaintiff in Washington, charging infringement. *Id.* at 886. In *Viam Corp. v. Iowa Export-Import Trading Co.*, 84 F.3d 424 (Fed. Cir. 1996), this court held that the Central District of California had personal jurisdiction of the Italian corporation SPAL, which owned a United States patent. SPAL had no United States residence, although it had an exclusive distributor resident in Iowa, and its only activity involving California was the importation and sale of the patented goods in California by its distributor; but this court held: "There is sufficient connection between [the non-resident patent owner's and its distributor's] activity and the litigation to satisfy [the minimum contacts] prong of the *International Shoe* Due Process test." *Id.* at 429. This court determined that the foreign patentee "ha[d] 'purposefully availed himself of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws.'" *Id.* at 428 (quoting *Hanson v. Denckla*, 357 U.S. 235, 253, 78 S. Ct. 1228, 2 L. Ed. 2d 1283 (1958)). The court also observed that "allowing the forum to exercise jurisdiction cannot be said to be unfair." *Id.* at 430.

The comparison with *Viam* is informative, for both Oxford and SPAL are foreign owners of United States patents who do business in the forum without themselves residing in the forum. In Oxford's case its patented inventions are placed in United States commerce through manufacture by United States licensees, providing a more direct connection with United States commerce than the importation of products manufactured offshore. Oxford's contacts with the California forum are not "random, fortuitous, or attenuated," *Burger King*, 471 U.S. at 475 (internal quotation marks omitted), but are the normal course of Oxford's business of exploiting and profiting from its United States patents.

Today's ruling is also incompatible with this court's recent decision in *Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com. de Equip. Medico*, No. 2008-1279, F.3d , 2009 U.S. App. LEXIS 8081, 2009 WL 1025760 (Fed. Cir. April 17, 2009). *Synthes* involved a patent infringement suit filed by a United States plaintiff against a Brazilian entity whose products were offered for sale at trade shows in the United States, although no actual sales of the allegedly infringing products were made in the United States. The Brazilian company had no office or subsidiary or licensee in the United States, although it purchased United States products for use or resale in Brazil. This court applied Federal Rule of Civil

Procedure 4(k)(2),[1] the "federal long-arm statute," and held that the entire United States is an available forum. 2009 U.S. App. LEXIS 8081, 2009 WL 1025760 at *9. The court considered the entirety of the contacts, and found them sufficient to establish specific personal jurisdiction over the Brazilian defendant. 2009 U.S. App. LEXIS 8081, [WL] at *10-*13. The court stressed that the Brazilian company's attendance at trade shows in the United States included display of an allegedly infringing product. 2009 U.S. App. LEXIS 8081, [WL] at *10. My colleagues assert that *Synthes* is not relevant merely because the foreign party was the accused infringer, rather than the patentee. *See* maj. op. at 13 n.1. But this court has previously recognized that this is not a valid means of distinguishing cases, for *Viam* relied on the stream of commerce to establish personal jurisdiction, *see Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1566 (Fed. Cir. 1994), although the foreign defendant in *Beverly Hills Fan* was the accused infringer rather than the patentee.

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1. Rule 4(k)(2) states:

> (2) Federal Claim Outside State-Court Jurisdiction For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:
>
> > (A) the defendant is not subject to jurisdiction in any state's courts of general jurisdiction; and
> >
> > (B) exercising jurisdiction is consistent with the United States Constitution and laws.

See Viam, 84 F.3d at 428 ("All the reasons for adopting and applying the stream of commerce theory to the question of personal jurisdiction over an out-of-state alleged infringer as defendant, fully explored in *Beverly Hills Fan*, are equally applicable to the same question regarding an out-of-state patentee as defendant.").

On considering the interests of both sides to this dispute, in light of precedent, it has not been shown that subjecting Oxford to suit in California is either unreasonable or unfair. My colleagues on this panel hold that the California forum has neither general nor specific jurisdiction over Oxford, although the Central District of California is the forum most directly related to Oxford's activities in the United States, as well as being the locus of the accused infringement. Nonetheless, this court immunizes Oxford, the owner of a United States patent, from resolution of the patent dispute. This court has recognized that "[j]ust as a state has a substantial interest in preventing patent infringement within its borders, it also has a substantial interest in protecting its residents from claims of patent infringement that may be unwarranted." *Deprenyl Animal Health, Inc. v. Univ. of Toronto Innovations Found.*, 297 F.3d 1343, 1356 (Fed. Cir. 2002).

Depriving Autogenomics of the opportunity to resolve the threat of infringement is contrary to the purpose and principles of the Declaratory Judgment Act. *See MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 128-32, 127 S. Ct. 764, 166 L. Ed. 2d 604 (2007) (explaining that public policy favors declaratory

challenge to adverse patents by persons whose substantial rights may be affected).

My colleagues on this panel, in support of their ruling that Oxford cannot be sued in California, cite this court's recent holding in *Avocent Huntsville Corp. v. Aten International Co.*, 552 F.3d 1324, 1335 (Fed. Cir. 2008). However, if *Avocent* is read to bar this suit, it is in conflict with precedent of this court and the Supreme Court, as discussed therein. *See id.* at 1341-51 (Newman, J., dissenting). *Viam* held that the foreign patent owner's sales (through a distributor) in the forum sufficed to support personal jurisdiction, while *Avocent* ruled that such sales are irrelevant to personal jurisdiction. This direct conflict simply adds confusion; however, this court remains bound by the "rule of interpanel accord," which is that in the event of conflict, real or perceived, the earlier decision controls until the conflict is resolved. *See, e.g., Newell Cos. v. Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988).

The panel majority also cites the statement in *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355 (Fed. Cir. 1998), that "[p]rinciples of fair play and substantial justice afford a patentee sufficient latitude to inform others of its patent rights without subjecting itself to jurisdiction in the foreign forum," *id.* at 1360-61, principles with which I fully agree. However, while the *Red Wing* court made this statement to explain why personal jurisdiction does not arise from infringement letters, the court seems to have confused personal jurisdiction with the showing of a "case or

controversy" that is needed to establish subject matter jurisdiction for a declaratory judgment action. Whether accusations of infringement are actionable in a specific case has no relation to where suit may be brought when a case or controversy does indeed exist, as in this case.

The evolving law under *MedImmune* facilitates challenge to adversely held patents. *See, e.g., SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1380 (Fed. Cir. 2007) ("The Supreme Court's opinion in *MedImmune* represents a rejection of our reasonable apprehension of suit test."). The court's ruling today negates this development, by unduly narrowing personal jurisdiction to bar an action that the Court has advised should be available under the Declaratory Judgment Act. Although undoubtedly there are circumstances in which a foreign patent owner can properly avoid jurisdiction, here the foreign patentee is actively and forcefully using its United States patents in a competitive context within the forum of this suit. Equity favors the reasonableness of permitting Autogenomics to resolve the threat, instead of continuing to face the uncertainty of liability and business risk, at the whim of the patent owner.

This is not a trivial question. The PTO reports that 50.3% of the patents granted in 2008 were issued to foreign patentees. *See* USPTO, *Extended Year Set-Historic Patents By Country, State, and Year-All Patent Types (December 2008), available at* http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_allh.htm. Thus restriction on the availability of declaratory judgment

actions against foreign-owned patents is of economic significance. As this court stated in *Viam*, it cannot have been contemplated that activities otherwise subject to federal jurisdiction, are always immunized from adjudication when the patent owner's address is offshore. 84 F.3d at 429-30. The panel majority asserts that, at a minimum, the United States District Court for the District of Columbia remains a fall-back forum, *see* 35 U.S.C. §293. It is surely useful that the District of Columbia court can have jurisdiction "to take any action respecting the patent or rights thereunder." *Id.* That is not the issue herein, nor does §293 override personal jurisdiction in a more suitable and convenient forum. *See Deprenyl Animal Health*, 297 F.3d at 1353 (section 293 "represents an important Congressional judgment that in exchange for obtaining the benefits of a United States patent, it is appropriate to require foreign patentees to submit to broader jurisdiction in United States Federal Court than that to which they would otherwise be subject."). It is not explained why a California plaintiff should have to resort to a distant forum, which is not alleged to have meaningful contacts with either party, to resolve a dispute that centers upon actions by both the plaintiff and the foreign patentee in the state of California. I take note that Oxford has not suggested transfer to the District of Columbia; the Oxford position is that it cannot be sued.

The court's decision that Oxford cannot be brought before the court in the Central District of California is contrary to law, precedent, and policy. I respectfully dissent.